

# THE DEPARTMENT OF STATE



# Bulletin

Vol. XXXIX, No. 1000

August 25, 1958

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THE  
OFFICIAL  
WEEKLY RECORD  
OF  
UNITED STATES  
FOREIGN POLICY

THE DEPARTMENT OF STATE

# Bulletin

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## Secretary Dulles Visits Brazil

*Following are the texts of two joint communiqués released at the conclusion of Secretary Dulles' official visit to Brazil August 4-6, together with the statements made by the Secretary at Washington on his departure and return, the remarks he made at a dinner given in his honor by the Brazilian Foreign Minister, his address before the American Chamber of Commerce for Brazil, and an announcement of the official party.*

### JOINT COMMUNIQUE ON MULTILATERAL SUBJECTS<sup>1</sup>

At the conclusion of the talks between President Juscelino Kubitschek de Oliveira and Secretary of State John Foster Dulles and Foreign Minister Francisco Negrão de Lima, the following Joint Communiqué was approved:

On the occasion of his visit to Brazil on August 4 and 5 Secretary of State John Foster Dulles was received by the President of Brazil Juscelino Kubitschek de Oliveira and by Foreign Minister Francisco Negrão de Lima. They held extensive conversations, exchanging views about the international situation and those problems relating to the movement for hemispheric unity which President Juscelino Kubitschek de Oliveira has called Operation Pan America. At the end of these frank and cordial talks, held within the general framework of the exchange of views now taking place among the American Republics, the two governments:

I. Reaffirm their determination in carrying out all obligations under the Charter of the Organization of American States. They emphatically declared that the exchange of letters between the

President of Brazil, Juscelino Kubitschek de Oliveira, and the President of the United States of America Dwight D. Eisenhower,<sup>2</sup> was most timely and useful in that it advocates the rededication of the Pan-America ideals with a view to strengthening continental unity and preserving peace.

II. Declare that we are in complete agreement to seek formulation of policies designed not only to strengthen the defense of the value of western civilization but also to give a greater creative momentum toward the attainment of this goal.

III. Agree that Latin America has an important role to play among the nations of the world. It is highly desirable that Latin America take an even more active part in formulating those broad international policies which guide the free world.

IV. Reiterate their convictions that the strengthening of the American community requires, among other measures, dynamic efforts to overcome the problems of underdevelopment. They believe that this principle—this fight for greater development which is inseparable from the collective security of the hemisphere—will be supported throughout the hemisphere.

V. Reaffirm that it has become necessary to fight with determination for religious and democratic principles, for the right of nations to freedom, and for respect for man's individuality and dignity. These values which constitute the heritage of western civilization and the culture and the spirit and soul of the Americas, are now challenged by the greed of atheistic Communism. Urgent measures should therefore be taken to assure in an effective manner a defense of these ideals.

<sup>1</sup> Issued at Brasilia, Brazil, on Aug. 6 (press release 451 dated Aug. 7).

<sup>2</sup> For texts, see BULLETIN of June 30, 1958, p. 1000, and Aug. 18, 1958, p. 281.

VI. Reaffirm their purpose of continuing along the line of broader contact and consultation already successfully started among the American Republics. The American Republics will be best able to attain their common goal: a coordinated and harmonious effort to develop the economies of the countries in the hemisphere.

VII. Agreed that the time has come for the American Republics to organize to meet together not just to deal with problems of immediate urgency but to discuss on a regular basis any and all problems of mutual concern, bearing in mind their common responsibilities when peace and freedom are threatened. To this end it was agreed that both governments would suggest to the other American Republics that their Foreign Ministers should meet at regular intervals in the framework of the Organization of American States.

VIII. Agreed that consultation between their two countries shall be continued.

IX. Details of their conversations will be promptly communicated to the other American Republics.

#### **JOINT COMMUNIQUE ON BILATERAL SUBJECTS<sup>1</sup>**

In addition to discussions on the international situation and on Inter-American unity, the Foreign Minister, Negrao de Lima, the Minister of Finance, Lucas Lopes, and the United States Secretary of State, John Foster Dulles, with members of their respective staffs, discussed a number of problems of bilateral concern.

Satisfaction was expressed at the fact that the Governmental measures now being undertaken in Brazil to promote financial equilibrium, complemented by the outcome of negotiations conducted with the competent agencies in Washington, the International Monetary Fund and the Export-Import Bank, and the private banks will allow the Brazilian Government to pursue its efforts to foster a balanced economic development.

Both groups reviewed the coffee situation and the steps already taken towards a better general understanding on the matter and towards bringing a greater degree of stability to the coffee market. It was agreed to continue to support the coffee study group, where producers and con-

sumers are represented. Full acknowledgement was also given to the helpful participation of the United States Representatives in the discussions of the special group. This represents a formal recognition on the part of the United States Government of the vital importance of coffee for the economy of many coffee producing countries and the need for an international approach to the problem.

Both groups believe that the contacts here renewed should represent an important contribution towards urgent and orderly solutions of the serious problem affecting the Brazilian economy as a result of the imbalance between supply and demand of coffee.

The groups reviewed the efforts made by Brazil to increase its domestic production of petroleum and the relationship of this problem to the questions of balance of payments and foreign exchange reserves. This review was held within the principle that the different countries have their own ways of developing their petroleum resources and, while no decisions were made, it was agreed to continue discussions in the same friendly atmosphere.

Some connected problems relating to specified products of importance to certain regions of Brazil were examined. It was agreed that mutually satisfactory solutions would be sought through diplomatic channels.

The goals of the Government of Brazil and its program of economic development and the related question of long-term financing of foreign currency costs were discussed and it was agreed that the subject would continue to be reviewed in the context of the joint statement issued by the Brazilian Financial Mission to Washington and the Export Import Bank of July 1956.

#### **DEPARTURE STATEMENT<sup>2</sup>**

I have long desired to visit Brazil, and it is especially timely for me to be doing so now. The recent exchange of letters between President Kubitschek and President Eisenhower has emphasized the desire of both countries to consult with each other and the rest of the hemisphere in seeking means to solve common problems.

These letters also emphasize the interest of

<sup>1</sup> Issued at Brasilia, Brazil, on Aug. 6 (press release 454 dated Aug. 7).

<sup>2</sup> Made at the Washington National Airport on Aug. 3 (press release 443).



Brazil in the high-level meetings of worldwide significance which may take place. I shall therefore wish to exchange views with President Kubitschek and Foreign Minister Negrao de Lima regarding the grave issues of indirect aggression, and of war and peace, which will be considered in the meetings and which are so obviously of concern to all Latin Americans.

The United States regards the great Republic of Brazil as a trusted friend and partner. In the cause of freedom we have been allied in two world wars. We have become in many ways interdependent as regards our mutual security and the well-being of our peoples.

This trip to Brazil is for me, therefore, a welcome opportunity to visit that country which is so greatly endowed culturally and materially and which is blessed with future prospects as bright as any nation could enjoy.

#### REMARKS ON AUGUST 5<sup>1</sup>

I am honored to be your guest in this noble Palace of Itamaraty with its many traditions of great accomplishment. It is a privilege to share its atmosphere of hospitality, sincerity, and dignity. Also, I thank you for the good and strong words you have spoken.

I welcome and deeply appreciate what you have said about my country and about my own efforts to build a world of peace and justice.

I can assure you that the United States is determined to play its full part in the great international tasks that lie before us. That is the national, bipartisan resolve of our people.

So far as I personally am concerned, my life-long ambition has been to be able to contribute to a just and durable peace. I hope to deserve what you so graciously said.

This is indeed a most opportune moment for our two countries to reaffirm their traditional friendship and to talk of how we can better serve the needs of our people and of all mankind. The international situation is critical. The atheistic, materialistic, and aggressive forces that would dominate all the world talk boldly. They suggest that efforts to halt them will mean nuclear war.

<sup>1</sup> Made at a dinner given by Brazilian Foreign Minister Francisco Negrao de Lima at Rio de Janeiro (press release 448).

#### Letter From President Eisenhower to President Kubitschek<sup>1</sup>

AUGUST 2, 1958

DEAR MR. PRESIDENT: I am glad that Secretary Dulles is having this opportunity to visit Brazil and consult with you on problems of mutual interest. Close political, economic and military relations between Brazil and the United States have been our historic tradition. I have no doubt that the friendly cooperation in these fields, which has contributed so materially to the well-being, prosperity and security of both countries, will be maintained and intensified.

I have asked Secretary Dulles to assure you of my continuing personal interest in the constructive proposals you have recently made to explore, with the other American Republics, means for strengthening and further unifying the inter-American community. Your views, given at first hand to Secretary Dulles, will, I am sure, contribute notably to the definition and understanding of existing problems, as have those of other Chiefs of State obtained by Vice President Nixon in South America and Dr. Milton Eisenhower in Central America.

It is particularly gratifying to me that Secretary Dulles will be visiting with you the projected new capital, Brasilia. This project, fulfilling a long-standing aspiration of your countrymen, eloquently signifies the vigor and imagination of the Brazilian people, now on the threshold of even greater conquest of the vast interior of their happily endowed country.

With assurance of my highest consideration, and with my best wishes for the continued well-being and prosperity of the great Brazilian nation.

Sincerely,

DWIGHT D. EISENHOWER

His Excellency

DR. JUSCELINO KUBITSCHEK DE OLIVEIRA  
*President of the United States of Brazil*

<sup>1</sup> Delivered by Secretary Dulles (White House press release dated Aug. 5).

We do not in fact believe that they want war or would invoke war. No sane people want war. War would be for all an inexpressible disaster. The question is whether their threats will cause us to weaken and give in and thus sacrifice the genuine independence of nation after nation.

That is not the path to peace. It is the road to war.

This is an issue that concerns us all. And while, as you observe, there are many demands upon my time, I felt that I could not use these

days to better advantage than to come here and talk about our problems in this atmosphere so conducive to clear thinking.

I have always valued most highly the contribution which the Latin American Republics have made to the solution of international problems and to the development of international law. I believe that this is again a time when we can hopefully expect an important contribution.

It is in search of that that I have come here. I can say already that my search has not been in vain.

You employed, Your Excellency, a striking phrase when you said "the underdeveloped zones are potentially zones occupied by the enemy."

This is true. Actually, you could have gone even farther. We find that the enemy threatens, and has taken over, zones that are developed as well as those that are underdeveloped.

The fact is that the enemy works at all times and at all places. There is no single defense. There must, at all times and all places, be the utmost vigilance.

I do believe, however, that the most important thing is that all of the free-world peoples should feel that they live in a dynamic society, one that is moving forward, and that they can see the future as one of new opportunity. Also they should see that opportunity as one that can be developed by the enterprise of men and women who are free, who exercise a choice as to what they will think and do and believe, and who strive not just for themselves, not just for their state, but for a world of human brotherhood.

We do indeed face a future of immense and exciting challenge. Here on this earth two vast, bleak, and forbidding areas, the Arctic and the Antarctic, suddenly open up as new areas for productive human effort. The new power of the atom will come to transform the mechanics of human life. And now there opens up above us the vast possibility of exploring and developing outer space. And within each of our countries new developments of science, research, and communications open up new prospects that challenge human efforts.

Nowhere is that more the case than in this vast nation of Brazil.

The essential thing is not how to prevent communism from changing the status quo, but how we ourselves shall change the status quo so as to make

the future more exciting and more productive of human welfare—a welfare, let it be remembered, which is to be found not merely in material but even more in spiritual terms. It is in that latter respect that the materialists, the atheists, are bankrupt. We can be confident that the future is for the free.

I am happy, Your Excellency, to have come to this land of the future, to gain new inspiration from your dreams and your determination to labor and sacrifice to make those dreams come true. We want to be a part of all of this, for it is in accord with our own tradition.

May we go forward, always side by side, in the spirit of endeavor and of courage which is proper for those who fear no man, but only God.

#### ADDRESS ON AUGUST 6<sup>\*</sup>

In this time when many problems confront the nations it seemed fitting for me to come to Brazil and meet with President Kubitschek, Foreign Minister Negrao de Lima, and other leaders in this great Republic. I have come with a triple purpose: firstly, to discuss matters that involve distinctively our two nations; secondly, to exchange views on how to promote the hemispheric solidarity of the 21 American Republics; and thirdly, to counsel on how to dispel the growing clouds which, now darkening the eastern horizon, could black out all the world.

The Republics of the United States of Brazil and the United States of America have been friends for more than 150 years. This friendship is based upon common traditions and common ideals. It is fortified by a long history of cooperation. We have stood side by side in joint efforts to secure peace and freedom in the Western Hemisphere and in the world. The United States has not forgotten the choice Brazil made in the dark days after Pearl Harbor. You promptly became one of the United Nations alliance to fight for freedom and security in the world. The Brazilian Navy and Air Force helped to combat the Nazi submarine menace, and the Brazilian Expeditionary Force fought in Italy. This is gratefully remembered in the United States. President Eisenhower told me, as I left Washington,

<sup>\*</sup> Made before the American Chamber of Commerce for Brazil at Rio de Janeiro (press release 449).

of his vivid recollection of the courageous and effective operations of your forces under his command in the Italian campaign.

However, it is not our comradeship in war but rather the subject of economic cooperation which is today the topic of special concern to our two countries.

We recognize the need for rapid and solid economic development in Brazil. Brazil's tremendous potential excites the imagination. You have a vast expanse of territory. It is endowed with great natural wealth. Your expanding population is already half that of all South America. Your people are proud, energetic, and dynamic. The future is bright for Brazil.

We in the United States share Brazil's confidence in herself. We are gladly collaborating with Brazil in her efforts to achieve her manifest destiny.

A large contribution to Brazil's growth is represented by the direct private investment here of United States citizens and companies. Many of this audience represent United States firms with important interests in Brazil. Such private investments constitute an important stimulus to development. They contribute far more than simply money resources. They bring the results of research, technology, know-how, new skills, and new products. This spells expanded opportunities for the individual and a higher standard of living for all.

In addition to private investment there is an impressive amount of assistance by the United States Government. The Export-Import Bank has, at the moment, credits of one and one-quarter billion dollars extended to Brazil. Brazil has received more development loans from the Export-Import Bank than any other country in the world. The construction of the integrated steel plant at Volta Redonda, the acquisition of vital industrial and agricultural equipment, and the extensive modernization of the Brazilian railroad and air-transport systems were all helped by such loans. There are also education, health, and sanitation projects which were begun under United States technical cooperation programs and which Brazil herself has now partially taken over. One look at the record confirms that the United States is vitally interested in the economic future of Brazil.

But it is never tolerable to be satisfied with what was or is. Dynamic people never stand still. So

both Brazil and the United States seek to speed the sound economic development of this great Republic.

Our study of problems connected with the world coffee market is a new and constructive approach to an age-old, and heretofore unsolved, problem.

Of course there are basic economic laws, not merely manmade verdicts, that limit the amount of capital which any one nation can prudently export over and above what is covered by receipts. Also, the United States has many responsibilities throughout a free world that is subjected to a great military menace and to many "cold war" assaults. We have, to a degree without parallel in history, contributed money, materiel, and human effort to assist other countries to make their independence more secure. We contribute immensely to a military establishment that deters war in the interest of us all. The demands upon our financial and material resources are tremendous. Our response serves not merely ourselves but all freedom-loving nations. But, in discharging these worldwide tasks, we do not and shall not neglect the need that our two economies shall be strong, vigorous, and helpful to each other. That is the theme of our bilateral tasks.

#### **Hemispheric Solidarity**

Let me now speak of hemispheric solidarity. The sense of American unity goes back to the early days when the American nations won their independence from colonial rule. We have organized that unity, not merely for defense but for positive, creative tasks. Today the Organization of American States stands as the finest example of regional organizations.

I recall vividly the day at San Francisco in 1945, when it seemed that the United Nations Organization might be designed to supplant, rather than to supplement, our hemispheric association. The United States delegation—which included that great friend of the Americas, Senator Vandenberg—joined with the Latin American delegations to bring about changes in the Dumbarton Oaks proposals, changes which would encourage the development of regional associations and make them free from the paralyzing veto power which the Soviet Union could exercise in the Security Council of the United Nations.

We have gone south, there to perfect our unity

through the OAS and through the Rio Treaty.<sup>7</sup> That treaty gave expression to the fraternal principle that "an armed attack by any State against an American State shall be considered as an attack against all the American States." That principle of interdependence became the basis for other collective-defense associations, such as the North Atlantic Treaty Organization and the Southeast Asia Treaty Organization. But the Americas were the pioneers.

I also recall the declaration of Caracas of March 1954.<sup>8</sup> Thereby the American Republics declared that "international communism, by its anti-democratic nature and its interventionist tendency, is incompatible with the concept of American freedom," and our Republics went on to declare that "the domination or control of the political institutions of any American State by the international communist movement, extending to this hemisphere the political system of an extracontinental power, would constitute a threat . . . endangering the peace of America. . . ."

That again constituted a pioneering step which has been followed by other democratic and freedom-loving nations.

As I have participated in meetings of other regional security organizations, I have frequently cited to them our OAS as having many advanced characteristics which ought to be followed. And indeed they have been followed. We can be proud of the leadership which the American Republics have given in promoting international order on a regional basis. But, here again, we dare not be complacent or satisfied with what is. We must constantly seek something better. There is room to improve the OAS. And that is one of the subjects which we have discussed here together.

One possible deficiency in our organization is that it does not bring together at regular intervals the foreign ministers of the member states. The North Atlantic Treaty Organization has two ministerial meetings a year. The same is true of the Baghdad Pact. In the case of the Southeast Asia Treaty Organization there is one such meeting annually. These meetings, usually held in different countries of the member states, serve

greatly to promote personal relationships and better understanding of both regional problems and world problems.

The United States has kept in touch with its fellow Republics in relation to world problems. Since June 1955 President Eisenhower or I have met on no less than 15 occasions with the 20 Latin American ambassadors to the United States in order to discuss important world developments. Also there was the 1956 meeting of the American Presidents at Panamá.

However, such meetings, valuable as they are, are no substitute for periodic ministerial meetings. Various members of our organization have suggested that our procedures be developed in this respect, and I hope that something along this line can be agreed upon.

Also, I think, we could usefully exchange views more regularly with respect to economic matters. The interdependence of our nations is not merely political. To an even greater extent it is economic.

Throughout the world today there are new and dynamic aspirations for economic development, for higher standards of living, and the conquest of poverty and disease. Communism has its formula for responding. Being atheistic and materialistic, it believes that economic welfare can best be promoted by treating individuals as animated particles of matter and compelling them to act in accordance with some program dictated by the leadership of the Party.

It is, of course, true that economic advancement can be achieved by imposing the harsh discipline of long hours of work at tasks chosen by the state, by denying the workers the right to organize and bargain, and by depriving the workers enjoyment of most of the fruits of their labor. Such a system can extract from the people important, even spectacular, results in terms of military and capital developments.

It is nothing new that coerced labor can produce spectacular results. We admire the pyramids, too often forgetting that they were made possible by lashing the backs of slaves. We admire the Colosseum of Rome and many of the palaces of emperors throughout the world. I do not know, or greatly care, whether a materialistic pagan rule can be more productive materially than can a spiritual society. I do know that a society can produce abundantly and at the same

<sup>7</sup> For text, see BULLETIN of Sept. 21, 1947, p. 565.

<sup>8</sup> For text of the Declaration of Solidarity for the Preservation of the Political Integrity of the American States Against International Communist Intervention, see *ibid.*, Apr. 26, 1954, p. 638.



time permit the individual to exercise the rights with which he is endowed by his Creator.

Of course, the economic well-being of a nation always depends primarily on its own efforts. Economic progress in a free society requires a stable political order. It requires sound fiscal, monetary, and taxation practices. It requires that the people freely accept self-discipline, hard work, and frugality. But it also requires—and this is now understood better than ever before—that there be cooperation on an international basis.

The OAS has already taken important economic steps. It has organs to promote the economic, social, and cultural advancement of all the American Republics. It is, in my view, imperative that we utilize fully this machinery to find a solution for our economic problems.

The United States will not slacken but will expand its efforts to help all the American Republics help themselves to achieve economic strength under freedom.

#### **The International Scene**

I turn now to discuss the international scene. The prospects are somewhat somber. There are disturbing symptoms, such as preceded, and forecast, World War II.

You will recall that during the period of 1935 to 1939 certain powerful countries, under aggressive and expansionist leadership, sought to extend their domain in the world. They deprived weaker nations of their independence, sometimes through devices of indirect aggression whereby truly independent governments were ousted in favor of governments which in fact were puppets—composed of those who were subservient to foreign order.

The League of Nations failed to move vigorously to resist this mounting tide of aggression. Concession after concession was made until finally, when it came to Poland, the nonaggressive powers decided to stand firm. But by that time the aggressive powers were so overconfident, so reckless, that they would not stop, and World War II ensued.

Now it is international communism that seeks to rule the world. It often proclaims that goal; and indeed it cannot otherwise establish the world order of enforced conformity that it seeks. By direct and indirect aggression, principally the

latter, it has already gained control of nearly a third of the population of the world, and it utilizes that power to extend further its rule.

The free nations of Europe, Asia, and the Americas have made a series of collective-defense associations, and these are backed by the tremendous military power of the United States. In this way, open, armed aggression has been deterred. But efforts at indirect aggression have not been deterred.

The United Nations took cognizance of the danger of indirect aggression following the Communist attempt, through indirect aggression, to seize control of Greece and its successful taking over of Czechoslovakia. In 1949 the United Nations General Assembly, in its "Essentials of Peace" resolution,<sup>9</sup> called upon all nations to refrain from "fomenting civil strife." In 1950 in a resolution entitled "Peace Through Deeds"<sup>10</sup> it denounced "fomenting civil strife in the interest of a foreign Power" as among "the gravest of all crimes against peace and security throughout the world."

There were only five votes against the adoption of these resolutions—the five votes of the Soviet Communist bloc.

The art of indirect aggression, of fomenting civil strife in the interest of a foreign power, has been perfected. Through use of inflammatory radio broadcasts; through the infiltration of weapons, personnel, and bribe money; through incitement to murder and assassination; and through threats of personal violence, it is sought in many countries to destroy their genuine independence by corrupting, eliminating, or intimidating political leadership which would stand up for the rights of their own country.

I observe that the communique issued last Sunday [August 3] by Mao Tse-tung and Khrushchev from Peiping states, "China and the Soviet Union give firm support . . . to the national independence movements in Latin America."

One can but wonder who gives Russia and Communist China a mandate to interfere in Latin American affairs. Also, what is the "independence" of which they speak? If they want to give "independence," there is plenty of opportunity near at home, as, for example, in Hungary.

The question is whether the nonaggressive

<sup>9</sup> *Ibid.*, Nov. 28, 1949, p. 807.

<sup>10</sup> *Ibid.*, Nov. 13, 1950, p. 767.



states will act in time. I recall that Stalin, in March 1939, speaking of Fascist aggressions, accused the "nonaggressive countries, particularly England and France," of a "policy of indifference." That, he said, "means conniving at aggression, giving free rein to war, and consequently transforming the war into a world war."

The United States is determined that this "indifference," this "conniving at aggression," shall not happen again. To show that, we responded to the appeal of a freely elected Government of democratic Lebanon,<sup>11</sup> made at a moment of desperate danger, danger fomented from without. We came to Lebanon's help, at the same time calling upon the United Nations to supplant our help with increased help of its own. That increased United Nations help would have been given, and United States forces would already now be withdrawing, had not the Soviet Union cast the only negative vote and thereby vetoed first a United States and then a Japanese resolution designed to bring about that result.<sup>12</sup>

The United States is convinced that, if indirect aggression—the fomenting of civil strife in the interest of a foreign power—is tolerated as an instrument of international policy, events will indeed follow the tragic pattern which led to World War II, and this time with even more disastrous consequences.

But surely the preventing of indirect aggression should not be the task of individual nations. That, too, is subject to possible abuse. The task is the collective task of the world community embodied in the United Nations.

Because we believe that the situation is grave, because we believe that the United Nations should accept responsibility, the United States called for an extraordinary meeting of the Security Council to be attended by the top members of government, as is authorized by the United Nations Charter.

The Soviet Union has evaded thus dealing with this matter in the United Nations Security Council. It prefers a meeting of five so-called "great powers" of its selection. This corresponds with the long-established view of the Soviet rulers and reflects their contempt for those nations which have no great military capacity. At the Yalta Conference in December 1945, Stalin said that he

was prepared to join with the United States and Great Britain "to protect the rights of the small powers" but he would never agree to having any action of the great powers submitted to the judgment of the small powers.

This has been a persistent theme with the Soviet Union. As against it, the United States adheres to its traditional view that, when grave issues confront all the world, their solution is properly a matter for consideration by nations representing all regions and the small as well as the large. As President Eisenhower pointed out in his letter of August 1 to Mr. Khrushchev,<sup>13</sup> the ability of a nation to contribute to peace is not measured by the number of divisions it possesses.

The Security Council of the United Nations was chosen to represent all of the members on matters of threats to the peace. Its membership was particularly designed to include nations from the different regions and nations additional to the so-called "great powers." The Latin American Republics are now represented on the Security Council by Colombia and Panama, and the Latin American viewpoint should be heard.

The existence of the United Nations Security Council does not, of course, preclude preliminary exchanges of views elsewhere. Because of the authority and influence of Brazil and the value we attach to the opinions of the Government of Brazil, I have, in spite of many urgent requirements at home, come here at this critical time to exchange views here on world peace and order.

Let me say in conclusion that, while the situation is serious, I have no fear. The occasion for fear would be the indifference of the peace-loving peoples, or their disorganization, or their lack of awareness of the danger. Today the free peoples are united through regional organizations and through the United Nations. They are not indifferent to the danger but are alert, even at great risks, to confront the danger boldly. They have, together, preponderant power in the world.

We acknowledge human frailty and the finiteness of human endeavor. But we have unlimited faith in the great ideals that unite us. We believe in human dignity and in the rights of men. We place our trust in God. With humility, but with courage and imagination, we will unite our efforts with all who are animated by such sentiments to

<sup>11</sup> *Ibid.*, Aug. 4, 1958, p. 181.

<sup>12</sup> For background, see *ibid.*, p. 186.

<sup>13</sup> *Ibid.*, Aug. 18, 1958, p. 274.

seek peace with justice and thus to secure for ourselves and our children a better life. Joined in a common determination to preserve our freedoms, we need fear no enemy. If our common counsels, our common determination, and our united power are inspired by divine guidance, that will enable freedom to survive, victoriously and in peace, and to usher in a new era of human progress and betterment.

#### STATEMENT ON RETURN <sup>14</sup>

We return from Brazil very grateful for the cordiality of our reception both by the Government and by the people.

Our talks there with President Kubitschek, Foreign Minister Negrao de Lima, and Finance Minister Lopes have brought our two nations, traditionally the best of friends, even more close together.

The people of Brazil and of the United States of America, and indeed the Latin American peoples generally, are dynamic. They wish to move ahead and to feel a consciousness of orderly growth.

President Kubitschek has given timely impetus to what he appropriately calls "Operation Pan-America," which will be designed to give greater scope to the aspirations of the American peoples.

All of this will, of course, at once become the subject of exchanges of views between the members of the Organization of American States. I do not doubt that the outcome will be positive and creative.

#### MEMBERS OF OFFICIAL PARTY

The Department of State announced on July 31 (press release 437) that the Secretary and Mrs. Dulles would be accompanied to Rio de Janeiro by Andrew H. Berding, Assistant Secretary for Public Affairs; Thomas C. Mann, Assistant Secretary for Economic Affairs; Roy R. Rubottom, Jr., Assistant Secretary for Inter-American Affairs; Joseph N. Greene, Jr., Special Assistant to the Secretary; and the Officer-in-Charge of Brazilian Affairs, Ernest V. Siracusa.

<sup>14</sup> Made at the Washington National Airport on Aug. 7 (press release 455).

## Dr. Eisenhower Reports to President on Central American Trip

*Statement by Dr. Milton Eisenhower <sup>1</sup>*

MR. PRESIDENT: My associates and I are deeply moved by your personal reception of us this evening; we recognize that your generous action is inspired by more than brotherly affection; it is also your unmistakable notice to all the world that you, as we, consider firm, abiding relations among the nations of this Hemisphere to be essential to our common future. You sent us on a mission of good will and fact-finding.

At once, upon our return from three weeks in Panama, the five Central American countries, and Puerto Rico, we wish to express our deep appreciation to the Presidents and peoples of the area visited for their friendly reception of us. Everywhere we experienced the warm friendliness which the peoples of this hemisphere have for the United States.

The absence of any unfriendly incident may have confounded those who were looking for sensational headlines, but this very circumstance enabled us, calmly and rationally, to accomplish precisely what we set out to do—to gain a new perspective of the problems, progress, attitudes, and aspirations of the nations visited, as a basis for determining whether new approaches in our own policies and programs might strengthen relations among us.

I re-affirm now all I reported to you, Mr. President, in November 1953 following the fact-finding trip I made to the ten republics of South America.<sup>2</sup>

Now, however, I must add a note of urgency to what I then recommended. I shall make additional suggestions for policy and program improvements which I hope will be found acceptable.

I shall even this evening make a preliminary report. My suggestions will deal with:

1. The imperative need for bankable loans—not grants—in every country visited;
2. The response which I believe the United

<sup>1</sup> Released by the White House on Aug. 1 upon Dr. Eisenhower's return from a 3-week factfinding trip, as personal representative of the President, to Panama, Honduras, Costa Rica, Nicaragua, El Salvador, and Guatemala. He was accompanied by Roy R. Rubottom, Jr., Assistant Secretary of State for Inter-American Affairs; Tom B. Coughran, Assistant Secretary of the Treasury; Dempster McIntosh, Manager, Development Loan Fund; and Samuel C. Waugh, President, Export-Import Bank.

<sup>2</sup> BULLETIN of Nov. 23, 1953, p. 695.

States should make to the appeal of the Latin American nations for more stable relationships between raw-commodity prices and the prices of manufactured products;

3. The urgent and immediate need to bring about throughout the hemisphere a clear, accurate understanding of United States policies, purposes, programs, and capabilities.

My associates and I met with some 1,200 leaders of government, industry, agriculture, labor, commerce, finance, education, health and social and cultural institutions. We had candid conversations with all of them. They submitted to us some 1,000 pages of data and suggestions.

Now I shall want to hold a series of conferences with numerous individuals and agencies, as I study and integrate this evidence—especially with the Vice President, who recently returned from a trip to South America; officials of the International Bank; the Board of the Export-Import Bank and the Board of Directors of the Development Loan Fund. I shall also want to consult with high officials in the State, Treasury, Labor, Agriculture, Commerce and other Departments.

Since I must do this without neglecting my University duties, I cannot predict when a final brief report will be ready, but the sense of urgency I feel about the problems in the great Central area of this Hemisphere—indeed, about the situation in all the Americas—will impel me to conclude my assignment at the earliest possible moment.

My confidence in the unity, common purpose, and common destiny of the Americas has been strengthened by all I have learned on this trip. The vast majority of the leaders and peoples of Latin America are firm friends of the United States. They do not intend to permit a tiny minority of conspirators and a few misguided associates of such conspirators to confuse and divide us.

May I say in all candor that while, of course, I believe the United States must shore up its policies and programs with respect to Latin America, it is just as essential that all our neighbors to the South re-examine—as I know they will—their policies with respect to the United States. Good relations are never the result of unilateral action. They are the outcome of mutual understanding, mutual respect, shared goals, and a common determination to live, work, and progress together. We are partners in the quest for independence, freedom, democracy, and peace with justice.

I repeat the final words of my 1953 report: "Working together, the nations of this Hemisphere can, if history should so decree, stand firmly against any enemy in war, and prosper mightily together in times of peace."

## **U.S.-U.K. Atomic Energy Agreement Enters Into Force**

Press release 444 dated August 4

The Governments of the United States and the United Kingdom on August 4 exchanged notes bringing into force the bilateral agreement for cooperation on the uses of atomic energy for mutual defense purposes. The United States was represented by Acting Secretary Herter. Viscount Hood, British Chargé d'Affaires, represented the United Kingdom. This agreement, which was signed on July 3<sup>1</sup> by Secretary Dulles and Viscount Hood, will permit the resumption of cooperation between American and British scientists in the field of nuclear weapons, which proved fruitful during the last war but which lapsed thereafter.

The new agreement results from decisions taken by President Eisenhower and Prime Minister Macmillan as set forth in the Declaration of Common Purpose of October 25, 1957.<sup>2</sup> At that time, the President and the British Prime Minister agreed that closer collaboration of the scientists of both countries would accelerate the nuclear advancement of both nations and contribute to the defense of the free world.

The President then undertook to "request the Congress to amend the Atomic Energy Act as may be necessary and desirable to permit of close and fruitful collaboration of scientists and engineers of Great Britain, the United States, and other friendly countries." After careful consideration of the President's proposals, the act was amended by Congress. Upon approval of the amendments by President Eisenhower, the United States and the United Kingdom hastened to conclude the present agreement.

Article XII of the agreement states that it will enter into force when each Government has notified the other that it has complied with all statu-

<sup>1</sup> BULLETIN of July 28, 1958, p. 157.

<sup>2</sup> *Ibid.*, Nov. 11, 1957, p. 739.

tory and constitutional requirements. This, on the U.S. side, required that the agreement lie before Congress for 30 days. This period has expired, and the exchange of notes brings the new agreement into force.

Technical discussion will be necessary in order to work out details of the exchanges which will take place. Visits by experts in both directions

will, no doubt, occur. The objective of both Governments, however, is to establish a full, friendly working relationship in this field on a continuous basis. Since each country has a substantial effort-in-being in this field, such a relationship cannot but result in improved efficiency and economy in the contributions which both are making to the common defense and security of the free world.

## **United States Balance of Payments With Latin America During 1957 and the First Quarter of 1958**

*by Walther Lederer and Nancy F. Culbertson*

The transactions between the United States and Latin America reflect some of the economic readjustments which a large part of the free world is currently experiencing. Stimulated by the rapid rise in demand after the war—and in some instances by rapidly rising prices—productive facilities for several commodities were expanded in excess of current requirements both here and abroad. As a result, weaknesses developed in the markets for these commodities. In some instances, expansion programs were slowed down and this slowing down reduced business activity. For some commodities the market weaknesses appeared in the form of falling prices, for others in the form of rising inventories of unsold products or in an underutilization of productive facilities.

Although such developments occurred in several industries and countries in the free world, their effects were transmitted through trade, capital movements, and other transactions to other industries and countries, thus reinforcing declining tendencies in their economies and often increasing imbalances in their international transactions.

The United States balance of payments for the latter half of 1957 and the first 3 months of 1958 indicates that the effects of adjustments in foreign demand (including those arising from factors not connected with changes in foreign business activity) on the U.S. economy were considerably more than the effects of the decline of U.S. production on foreign dollar receipts. Recorded foreign expenditures in the United States declined

from an annual rate of \$27.7 billion in the first half of 1957 to \$26 billion in the second half and \$22.7 billion in the first quarter of 1958. The outflow of funds from the United States was comparatively more stable. It declined from the first to the second half of 1957 from an annual rate of \$27.8 billion to \$26.6 billion and almost leveled off to \$26.4 billion during the first quarter of 1958.

Even this small decline in U.S. payments to foreign countries was to a considerable extent due to factors not associated with the slowdown in United States business activity. Prices of several imported commodities had started to decline before, and independent of, the change in business trends in the United States. Irregularities in coffee imports reflected shifts in inventory poli-

• *This article is the fifth in a series on the balance of payments between the United States and the Latin American Republics. The first four articles appeared in the BULLETIN of March 26, 1956, p. 521; December 24 and 31, 1956, p. 983; July 8, 1957, p. 79; and January 6, 1958, p. 23. The authors are members of the Balance of Payments Division, U.S. Department of Commerce. The data on which this article is based were prepared by the Balance of Payments Division and published in the June 1958 issue of the Survey of Current Business, the monthly periodical of the Office of Business Economics.*



cies in anticipation of price changes rather than changes in U.S. consumption. The volume of U.S. imports during the first 2 months of 1958 was slightly higher than during the corresponding period of 1957, when the economy was near its recent peak. Omitting coffee, the increase was nearly 6 percent. Thus, for the free world as a whole, at least, the adverse effects emanating from the recession in the United States through lower imports of certain commodities and a decrease in certain types of investments abroad seem to have been compensated so far by an increase in U.S. purchases from abroad of other commodities and in other transactions supplying dollars to foreign countries.

#### **Transactions Comparatively Stable**

Transactions between the United States and Latin America as a whole through 1957 not only were more stable than those between the United States and other foreign countries, but, after seasonal adjustment, both U.S. receipts and payments (omitting those for oil concessions in Venezuela) increased from the first to the second half of the year. By the second half of 1957 U.S. receipts from Latin America mainly from the sale of goods and services and from investment incomes were about 15 percent higher than a year earlier, while U.S. receipts from other areas were slightly lower. U.S. payments to Latin America were about 7 percent higher and, if the outlays for Venezuelan oil concessions are omitted, nearly 12 percent more. U.S. payments to all other foreign areas were down by about 4½ percent.

The relatively greater stability in the mutual transactions of the United States and Latin America apparently was the experience not only of United States business but also of Latin American business. While Latin American exports to countries other than the United States during the second half of 1957 were about 7 percent lower in value than a year earlier, sales to the United States were about 6 percent higher. Omitting Venezuela, Latin American exports to countries other than the United States fell by about 9½ percent, while those to the United States increased by nearly 3 percent.

#### **Expenditures Rise Faster Than Receipts**

For 1957 as a whole, recorded payments by the United States to Latin America for imports of

goods and services, for net donations, and for investments in excess of liquidations or repayments amounted to \$6.7 billion as compared with \$5.8 billion in 1956. U.S. payments to Latin America have steadily grown since 1953, when they totaled \$4.6 billion.

Recorded receipts by the United States from the area for exports of goods and services and for net long-term investments were \$6.6 billion, an increase of \$980 million over 1956. Neither U.S. receipts from nor payments to Latin America in 1957 have been exceeded in any prior year.

Economic transactions between the United States and Latin America in 1957 thus resulted in net payments by the United States of \$80 million. In 1956 our net payments were over \$200 million, and in the 3 earlier years they varied from \$225 million in 1953 to \$38 million in 1955.

The fact that Latin American expenditures in the United States rose faster than receipts from this country, together with changes in transactions with other areas, increased balance-of-payments difficulties for several countries in the area. Excluding the increase of nearly \$500 million in gold reserves and liquid dollar holdings by Venezuela, the reserves of the other 19 Republics declined by about \$250 million during the year. In addition, these countries as a whole used about \$157 million which they had obtained from the International Monetary Fund (IMF). This deficit of about \$400 million represented a noticeable deterioration of the balance of payments of these countries from the previous year, when their gold and dollar holdings declined by only about \$60 million.

The largest deficits were those of Argentina and Brazil, which accounted for \$300 million of the 1957 total. (This amount includes \$112.5 million obtained from the IMF.) Mexico had a decline of \$44 million in its gold and dollar holdings, but because of relatively large reserves held by that country the decline was far less serious than in the case of Argentina and Brazil. Chile's balances dropped by \$22 million, in addition to the use of nearly \$19 million obtained from the IMF; Peru lost \$31 million and Uruguay \$24 million.

Although these reductions in reserves were serious for the countries concerned, lower receipts from imports by the United States were generally not the major contributing factor. A possible exception may be Chile, from which imports in



1957 were about \$40 million lower than in the previous year, compared with Chile's deficit of \$41 million. Imports from Brazil declined about \$45 million, which was about one-third of that country's gold and dollar deficit, those from Argentina by \$4 million, and those from Uruguay by \$7 million. On the other hand, Mexico and Peru reduced their gold and dollar holdings, although their sales to the United States were higher than in 1956.

The factors responsible for the increase in payments to Latin America from 1956 to 1957 were rises in U.S. imports of goods and services by \$160 million, in the net outflow of U.S. private capital by \$590 million, and in Government credits and nonmilitary grants by over \$80 million.

#### Imports of Merchandise Rise

In 1957 several of the Latin American Republics increased sales to the United States over the previous year. Venezuela accounted for almost \$200 million and Mexico and Cuba for \$29 million and \$25 million, respectively. A small rise was recorded in sales by Ecuador, the Dominican Republic, Haiti, Peru, Paraguay, and most of the Central American Republics. Among the countries which experienced a reduction in their sales to the United States in 1957, Brazil and Chile are the outstanding examples, with a drop of \$46 million and \$41 million respectively. Colombia and Bolivia had a decline of about \$26 million each.

The expansion of \$155 million in the value of U.S. imports from the area as a whole does not fully reflect the over 5 percent increase in volume. The average unit value of imports from Latin America was down by over 1 percent from 1956. The major declines were in the unit value of coffee and copper.

Coffee and petroleum and related products both in 1956 and 1957 accounted for slightly over one-half of the total value of our imports from Latin America. The value of coffee declined by about \$95 million, but imports of petroleum and products rose from \$664 million in the previous year to \$837 million. Other imports increased over 1956 by \$75 million, or 4 percent.

The gain in U.S. imports from Venezuela in 1957 was due to the rise in quantity and price of petroleum and products and of iron ore. Other commodities in which a rise in quantity and price

#### MAJOR COMMODITIES IMPORTED FROM LATIN AMERICA 1956 AND 1957

(Millions of dollars)

	1956		1957	
	First half	Second half	First half	Second half
Coffee . . . . .	693	609	627	580
Cane sugar . . . . .	179	152	182	174
Cocoa and cocoa beans .	31	36	25	44
Copper . . . . .	142	140	116	91
Other metals and manufactures . . . . .	155	162	184	213
Petroleum and products . . . . .	316	348	432	405
Wool unmanufactured .	51	22	39	20
Other . . . . .	415	324	402	395
Total imports <sup>1</sup> . . . .	1,982	1,793	2,007	1,922
Seasonally adjusted . .	1,888	1,888	1,910	2,019

SOURCE: Bureau of the Census and Bureau of Foreign Commerce, U.S. Department of Commerce.

<sup>1</sup> Total imports represent general imports adjusted to balance-of-payments concepts. Commodity data represent imports for consumption.

occurred were zinc ore from Mexico and Peru; nickel oxide and sugar from Cuba; and manganese ore from Brazil. Conversely, imports of tungsten and tin ores from Bolivia and coffee, mainly from Brazil and Colombia, fell sharply in both quantity and price. The rise in the quantity of copper, imported mainly from Chile, Mexico, and Peru, was more than offset by the 30 percent decline in price. The value dropped to \$207 million, about 27 percent less than in 1956. Because of the decline in prices paid for lead, obtained mostly from Mexico and Peru, the value imported remained at \$64 million, although the quantity increased nearly 8 percent.

Among other important imports from Latin America, meat and cattle, vegetable oils, and oilseeds had significant increases, while wool declined in value although the unit value was slightly higher. The rise in cocoa prices was offset by a smaller import volume, leaving the value about the same as in the prior year.

For total imports the movement in the value from the first to the second half of the year, after adjustment for the usual seasonal variations, was decidedly upward. During the first half of 1957 imports were about 1 percent higher than during the corresponding period of 1956; during the second half of the year the difference widened to 7 percent. (Seasonally adjusted imports during the

first and second halves of 1956 were about equal in value.)

#### Payments for Services Continue Large

The Latin American Republics received from services furnished the United States in 1957 over \$1 billion, slightly more than in 1956. U. S. residents traveling in the Republics spent over \$400 million in 1957, an increase of \$40 million over 1956. Although the rate of increase was somewhat less than during the previous year, it was considerably higher than the 6 percent increase in U. S. travel expenditures in other foreign areas. Mexico accounted for more than \$300 million and for about \$26 million of the increase. About two-thirds of our expenditures in Mexico are made in the border districts. Central America and the three Republics in the West Indies received from U.S. travelers about \$60 million and the South American Republics \$37 million, of which Brazil and Venezuela accounted for about one-half. The rise in expenditures in South America was relatively larger than in any other part of Latin America.

Among the other major service payments are wages earned in the United States by Mexican migratory workers. The amount sent or carried back to Mexico in the form of cash or in goods purchased in the United States is estimated to have been about \$120 million in 1957. The cor-

responding amount for 1956 was about \$130 million.

A \$40-million decline in expenditures for transportation transactions was due to lower charter payments for vessels registered in Panama and therefore did not affect the Latin American economies.

#### Outflow of Government Funds Higher

U.S. Government nonmilitary grants and the net outflow of Government capital increased from about \$178 million in 1956 to \$257 million in 1957. This was the largest amount during the postwar period except for 1953, when large loans were made to Brazil for the consolidation of outstanding private debts.

Nonmilitary grants increased \$30 million to about \$110 million. This amount included \$80 million under the mutual security program and \$20 million for the construction of the Inter-American Highway. About half of the grant assistance under the mutual security program was given to Bolivia and Guatemala.

The net outflow of Government capital of \$145 million in 1957 consisted of long-term loans of \$300 million, less repayments of \$155 million.

Of the long-term credits, over 70 percent, or \$215 million, were disbursed by the Export-Import Bank. This compares with \$65 million in 1956. (These figures do not include loan disbursements by private banks under Export-Import Bank guaranties.) In 1956 Latin America obtained about 29 percent of all Export-Import Bank disbursements. In 1957 this share increased to about one-third. The outflow of such loan funds to other areas included, however, a special \$250-million loan to the United Kingdom. Without that loan Latin America's share would have been about 55 percent.

Disbursements on Government long-term loans continued to rise steadily through 1957. This rise corresponds to the increase in new loan authorizations during 1956. Although new authorizations in 1957 were smaller, they were still about as large as the disbursements, so that the backlog of undisbursed loans remained almost unchanged at about \$850 million. The size of this backlog and the recently increased lending authority of the Export-Import Bank suggest that the 1957 rise in Government loan disbursements was not a temporary peak but that the outflow of funds to

UNITED STATES EXPORTS TO LATIN AMERICA, 1956 AND 1957 BY HALF-YEAR PERIODS  
(Millions of dollars)

	1956	1957
Machinery . . . . .	986	1,253
Trucks and buses . . . . .	225	260
Other transportation equipment, except new passenger cars . . . . .	243	379
Iron and steel mill products and metal manufactures . . . . .	378	542
Chemicals and related products . . . . .	402	445
Passenger cars, new . . . . .	117	140
Textile manufactures . . . . .	174	175
Foodstuffs . . . . .	419	462
Other . . . . .	886	972
Total exports <sup>1</sup> . . . . .	3,830	4,628

SOURCE: Bureau of the Census and Bureau of Foreign Commerce, U.S. Department of Commerce.

<sup>1</sup> The total represents general exports adjusted for balance-of-payments purposes and includes "special category" items which for security reasons are excluded from commodity data.

Latin America may continue at this rate for some time.

The aggregate of Latin American currencies held by the U.S. Government remained stable at about \$117 million. There were considerable movements in these holdings, however, as currencies were received in payment of surplus agricultural commodities and utilized mainly for grants or loans. Agricultural sales for foreign currencies declined in 1957 from the previous year by almost half to \$68 million, and disbursements or utilization of the foreign currencies—primarily for long-term loans—more than tripled, to \$67 million. The result was a net accumulation of foreign currencies of \$1 million in contrast to \$105 million in 1956.

#### **Outflow of Private U.S. Capital Rises**

In 1957 the net outflow of capital to Latin America through direct investments was about \$1.1 billion. This was nearly \$500 million in excess of the net outflow to the area in 1956, which until 1957 was at an alltime high. About one-third of the net outflow in both years was for petroleum concessions in Venezuela. Direct investments in Latin America, excluding these petroleum concessions, increased from about \$390 million to about \$750 million. Most of the increase was in the petroleum industry—including investments on newly acquired concessions—but mining, manufacturing, and utilities also shared in the rising capital outflow.

To obtain a total measure of U.S. investments currently made in the area, reinvested earnings of subsidiaries, reinvested depreciation allowances, exploration expenditures, and in some instances local capital, obtained either through loans or by selling securities, must be added. Reinvested earnings of subsidiaries were about \$240 million in 1956 and perhaps 10 percent more in 1957. The size of funds obtained from the other sources is currently not available but will be obtained for 1957 in a complete survey of U.S. direct investments abroad currently conducted by the Office of Business Economics of the Department of Commerce. On the basis of a recent study, *The Role of United States Investments in the Latin*

*American Economy*, published by the Department of Commerce,<sup>1</sup> it appears that in 1955 depreciation amounted to about 5 percent of the book value of the investment. Applying this ratio, depreciation in 1957 may have been about \$350 million. Gross investments by U.S. companies in Latin America during 1957 thus are likely to have been upwards of \$1¾ billion, by far the largest amount invested by U.S. industry in Latin America in a single year.

Payments for oil exploration rights in Venezuela were completed in the third quarter of 1957. The net outflow of capital from the United States for direct investments, however, remained high throughout 1957, amounting to about \$170 million in the fourth quarter.

The net outflow of other U.S. private capital, such as short- and medium-term bank loans and commercial credits, increased from \$214 million in 1956 to \$312 million in 1957. Included in this amount are net credits to Mexico of about \$75 million, to Venezuela of \$50 million, to Brazil of about \$40 million, and to Chile and Uruguay of \$20 million each. Colombia received long-term loans from private banks, partly guaranteed by the Export-Import Bank, for consolidating and funding short-term debts to U.S. exporters.

The rise in short- and medium-term credit reflects in part the rise in trade with the United States and the growing interest of American banks in the Latin American economies. In part, however, it also reflects the difficulties of some countries to meet their current obligations to American exporters. About two-thirds of the credits were provided during the second half of 1957.

The total net movement of U.S. private capital to Latin America (excluding reinvested earnings) of \$1.4 billion was about 45 percent of the net outflow to all foreign areas. In 1956 only slightly more than one-fourth of the total accrued to Latin America. It may also be noted that the net outflow of funds through private investments and credits and through Government credits and non-military grants to Latin America was almost exactly equal to the net flow of funds through such transactions to all the independent countries of Asia and Africa. The smaller outflow of Government funds to Latin America was offset by larger amounts of capital from private United States sources.

<sup>1</sup>For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C.; price \$1.75.

### Gain in U.S. Receipts

U.S. receipts from Latin America in 1957 rose by \$980 million over the previous year. Merchandise exports accounted for \$800 million of the rise and income on investments, transportation, and travel for the remainder.

U.S. exports to the Republics in 1957 reached a record value of \$4.6 billion and comprised almost one-fourth of total U.S. exports. Machinery, transportation equipment, and metals and manufactures made up over half, or \$2.6 billion. These same commodities accounted for almost 80 percent of the \$800 million rise over 1956.

Latin America was the market for about 31 percent of our exports of industrial machinery, as against 19 percent absorbed by Europe. The share of Latin America in our exports of electrical machinery and equipment was about 34 percent, of automobiles and parts 43 percent, and of metal manufactures 39 percent.

Compared with 1951—the previous peak in U.S. exports to Latin America—the shares of industrial machinery, trucks and buses, and iron and

steel-mill products in total exports have increased. Electrical machinery, chemicals, and foodstuffs were up in value but comprised a lower percentage of the total. Passenger cars and textiles were lower, even in terms of dollar values. These changes reflect the effects of the economic development of the area, to some extent the rising supplies available from other industrial countries, and the general policy of using the available foreign exchange for capital goods rather than for consumer goods.

Colombia, Bolivia, Haiti, and Guatemala are the only countries which reduced their purchases of goods from the United States in 1957. On the other hand, Venezuela, Brazil, Cuba, Argentina, Mexico, Chile, Peru, and Uruguay increased their purchases by substantial amounts. Venezuela replaced Mexico as the largest buyer of U.S. goods. Exports to Venezuela amounted to \$1,050 million, or 23 percent of total U.S. exports to the area in 1957. The increase in U.S. exports to Venezuela over 1956 of \$376 million accounted for nearly half of the total increase to the area. Exports to

UNITED STATES BALANCE OF PAYMENTS WITH THE LATIN AMERICAN REPUBLICS  
(Millions of dollars)

	1956	1957	1956		1957	
			First half	Second half	First half	Second half
United States payments:						
Merchandise . . . . .	3,775	3,929	1,982	1,793	2,007	1,922
Services, including investment income . . . . .	1,012	1,021	475	537	491	530
Remittances . . . . .	31	41	15	16	21	20
Government grants and other transfers <sup>1</sup> . . . . .	90	121	47	43	62	59
Direct investments (net) . . . . .	612	1,104	141	471	704	400
Oil concessions in Venezuela . . . . .	(220)	(360)	(—)	(220)	(270)	(90)
Other private United States capital (net) . . . . .	214	312	92	122	111	201
Government capital (net) . . . . .	97	146	49	48	38	108
Total United States payments . . . . .	5,831	6,674	2,801	3,030	3,434	3,240
(Seasonally adjusted) . . . . .			(2,746)	(3,085)	(3,380)	(3,294)
United States receipts:						
Merchandise <sup>1</sup> . . . . .	3,830	4,628	1,864	1,966	2,238	2,390
Income on investments . . . . .	918	1,015	433	485	522	493
Services . . . . .	834	932	392	442	455	477
Long-term investments in the United States . . . . .	33	19	9	24	14	5
Total United States receipts . . . . .	5,615	6,594	2,698	2,917	3,229	3,365
(Seasonally adjusted) . . . . .			(2,730)	(2,885)	(3,226)	(3,368)
Balance (net payments by the United States) . . . . .	216	80	103	113	205	-125
(Seasonally adjusted) . . . . .			(16)	(200)	(154)	(-74)
Net gold and dollar receipts by Latin America from unrecorded transactions with the United States and from transactions with other countries and international institutions . . . . .	88	177	62	26	203	-26
Increase or decrease (-) in Latin American gold and liquid dollar holdings . . . . .	304	257	165	139	408	-151

SOURCE: Office of Business Economics, U.S. Department of Commerce.

<sup>1</sup> Excluding military supplies and services under grant-aid programs.



Brazil increased by \$170 million and to Cuba by about \$100 million.

Exports reached their peak in the third quarter of 1957, after allowance for the usual seasonal changes. The decline from the third to the fourth quarter was rather small, but it accelerated during the first months of 1958. The decline, which was mainly in the trade with Argentina, Chile, and Peru, would have affected the total earlier in 1957 had it not been offset by the strong rise in exports to Venezuela.

The rise in incomes from direct investments continued through the first half of 1957, reflecting partly the higher investments in prior years and partly higher incomes in the petroleum industry as a consequence of the closing of the Suez Canal. During the second half of the year incomes on direct investments after seasonal adjustment stopped rising and seemed to be moving downward. This may have been the result of market weaknesses which had developed for several commodities produced by U.S.-owned enterprises.

#### **Recent Developments**

During the first quarter of 1958 the outflow of funds from the United States to Latin America through merchandise imports and capital movements declined. United States receipts from Latin America were also smaller than in the previous quarter, but by a somewhat lesser amount. Consequently, transactions between Latin America and the United States resulted in net receipts by the United States at a higher rate than during the last half of 1957.

This change in the balance of payments with Latin America early this year was in strong contrast to the shift in the overall balance of payments of the United States toward larger net payments. This shift reflects our transactions with Western Europe, Canada, and Japan. The relation between receipts and payments with the relatively less developed areas of Asia and Africa did not change significantly.

The Latin American Republics reduced their gold and dollar holdings during the first quarter by over \$100 million. Venezuela alone liquidated about \$125 million, and Mexico about \$30 million. Both countries have relatively large reserves. Smaller in amount, but large in relation to the size of their reserves, were the losses of Brazil

and Colombia. Uruguay and some of the smaller Republics had gains.

The decline in U.S. payments to Latin America was due partly to lower imports and partly to a smaller outflow of private capital.

The drop in imports can be attributed mainly to a reduction in coffee inventories in the United States and, therefore, may be assumed to be temporary. Other imports were in value approximately at the same rate as during the second half of last year. The reduced consumption in the United States of several industrial materials for which Latin America is a major source of supply apparently has been absorbed by the United States partly through curtailments in production of such materials and partly by rising inventories.

The changes in business trends in the United States as well as in other countries seem to have affected U.S. investments in Latin America more than imports. Direct investments during the first quarter were less than a year earlier, even if last year's purchases of oil concessions are not included in the total. Most of the decline was in the oil industry.

More important was the reduced outflow of short- and medium-term capital, reflecting possibly some concern about the size of indebtedness of some of the Latin American countries, which increased rapidly during 1957.

The decline in export earnings of some of the Republics, lower investments in Latin America by U.S. corporations, and the reduced ability of some of the countries to supplement their current foreign-exchange receipts by drawing on their reserves or on funds obtained from the Monetary Fund accelerated the decline in U.S. exports which had set in during the last quarter of 1957. Nevertheless, exports during the first 3 months of this year were still as high as a year earlier, in contrast to exports to all other areas, which were considerably smaller.

Recent changes in business activity both in the United States and elsewhere also accelerated the decline in incomes on investments which early this year were about 17 percent lower than during the first quarter of last year. The decline in investment incomes reflects mainly lower prices in the petroleum and mining industries. The decline in these receipts thus partly offsets declines in the value of U.S. imports and, in a more general sense, reductions in foreign-exchange earnings of the producing countries.



## United States and World Economy

*by Under Secretary Dillon*<sup>1</sup>

The key word in any description of the world economic situation today is "interdependence." We all know that the free nations have become dependent upon each other for survival in this day of nuclear weapons. But many of us may not yet realize how greatly interdependence in the economic sense has grown, especially in the past few years.

Interdependence imposes duties upon nations, just as citizenship brings obligations to people. In a community the more fortunate individuals must be the more responsible, and this applies equally to nations. Canada and the United States are certainly among the most fortunate of nations, and therefore Canada and the United States must be truly responsible in handling their economic policies.

Canada and the United States, and Western Europe as well, now enjoy the highest standard of living ever known in history. More of our people enjoy the comforts and pleasures of life than was ever the case before. But elsewhere, and particularly in Asia, the Near East, and Africa, grinding poverty and near starvation are often the lot of the average man. It is clear that we Canadians, Americans, and Europeans cannot survive forever as islands of comfort in a sea of poverty, disease, and frustration. We depend on the other people in the world, and they depend on us. Doing our duty as good citizens may sometimes seem expensive, but not doing it would be far more expensive, and morally indefensible to boot.

<sup>1</sup> Address prepared for delivery before the 1958 Couching Conference at Geneva Park, Canada, on Aug. 11 (press release 453 dated Aug. 7) and read for Mr. Dillon by Thomas C. Mann, Assistant Secretary for Economic Affairs.

The first and foremost world economic problem today is economic development. We in North America know a great deal about development. The explorers of the West and the voyageurs of the North first pointed the way to vast new opportunities. It remained for the pioneer settlers, the farmers, the manufacturers, traders, and bankers to take advantage of these opportunities and to develop the resources of a continent. This process still continues in North America and with special vigor in Canada.

In the early days of its development the United States obtained its capital elsewhere by offering favorable conditions for investment. As it grew and matured economically, it began to provide much of its own capital. Eventually it became a net exporter of capital. Canada is still going through this process and is therefore a net importer of capital from other countries, including the United States.

While we in the United States and you in Canada are achieving higher and higher living standards through the efforts of private capital and enterprise, masses of people in Asia, the Near East, and Africa are existing on a hand-to-mouth, bare-survival basis. They are growing in number from year to year so rapidly that a substantial increase in output is essential every year if the standard of living is not to decline. In these areas capital is needed in large quantities. It is needed to provide increased production, necessary public services, and increased and more diversified skills. This need for capital will in part be met from private funds, but for certain types of investment, such as roads, harbors, and schools, private capital is unsuitable. If the development of these areas is to go forward, private funds must be supplemented by public capital. It is with this in mind that we in the United States

and in Canada have been firm in our support of the IBRD [International Bank for Reconstruction and Development] and IMF [International Monetary Fund]. It is with this in mind that we in the United States have set up our Development Loan Fund. It is in this context that we have used wheat, cotton, and other surplus agricultural products to feed and clothe people in countries which desperately need their limited foreign-exchange earnings for capital equipment for development purposes. We have thus designed our surplus agricultural disposal program to make it contribute to economic development.

We know that our arrangements for agricultural surplus disposal have not always been greeted with enthusiasm in Canada. In certain respects, Canadian criticism was at one time justified. We have, however, altered our programs so as to minimize or eliminate interference in commercial markets, and we have put our emphasis on disposal in areas which lack the funds to buy commercially. The result has been beneficial, notably in such Commonwealth countries as Pakistan and India.

The Canadian response to the needs of underdeveloped countries, like Canada's response to problems of common defense, has been perceptive, generous, and effective. Canada has done a great deal to show the peoples of the underdeveloped areas the way to material progress and better economic life. We in the United States profoundly welcome Canada's great contribution. We know that people in both our countries sometimes question the value of such expenditures, but I do believe that popular support for foreign economic assistance is growing. Only a few countries can afford to help others, and we are both fortunate in being able so to contribute to world development. Our common policy in this field may surprise some people in both our countries who have been preoccupied with the differences between us. But from far away we look a great deal alike. We must remember this and remember that we are much alike in our external interests and aspirations, regardless of possible differences which from time to time may seem important to some of our citizens.

#### **Reducing Trade Barriers**

Along with capital, economic development requires an expansion of international trade. In the

period between the two world wars there was much discouragement about the prospects for international trade. Most countries were trying to insulate themselves from foreign competition by establishing tariffs, quotas, preferences, and restrictive commodity agreements and by developing a bilateral balancing of trade on a barter or clearing basis. Many thoughtful people perceived that economic nationalism of this type was injurious to all and beneficial to none, but there was the problem of getting a start in removing barriers and of having some confidence that others would reciprocate. The United States took the lead during the 1930's in reducing tariffs and other trade barriers under the authority of the Reciprocal Trade Agreements Act. Other countries made comparable efforts to reduce their very considerable barriers to trade, but the movement was interrupted by World War II. After the war Canada and the United States were among the leaders in promoting the establishment of the kind of trading system in which governments are bound by rules of fair play and reciprocate in multilateral and nondiscriminatory exchanges of tariff and other trade concessions, under the aegis of the General Agreement on Tariffs and Trade.

This is not to say that free trade has ensued. Hardly any country advocates or practices free trade. Every country protects domestic economic activities in some measure, and it is hard to modify a tariff structure, as we in the United States and Canada have discovered. For example, there is a belief common in Canada which is that Canada has a low tariff and the United States a high one. I assure you that there are many people in the United States who have exactly the opposite belief. As a matter of fact, judgments about the relative heights of national tariffs are often technically worthless and usually generate more heat than light. The important thing is that tariffs should be reduced, and in this both Canada and the United States have made progress. Yet much more progress must be made if the economy of the free world is to function productively and if the newer and aspiring nations are to have an opportunity to earn a living by selling their goods in the world markets.

Not only must trade barriers and restrictions be reduced or kept at a low level, but also there must be attention to stability in world markets for primary commodities. We in Canada and the United

States have generally been considered as opponents of commodity stabilization, but this has not prevented us from joining agreements on wheat and sugar. It is probable that there are very few commodity situations susceptible to the commodity-agreement approach, but it seems only fair to examine pragmatically what can and should be done to lessen violent fluctuations in the markets for primary commodities, so that the newer and developing countries can have a better idea of the future of their export earnings.

In North America we like to assure ourselves that we believe in private enterprise and in the operation of a free competitive economy. This is true domestically in our countries and, in some measure, it is true internationally, but it goes without saying that there is not a free competitive international economy. Every government acts to protect the interests of its citizens as it sees them, and most governments are responsive to the expressed wishes of their citizens. Many citizens who are producers of commodities or services are anxious to prevail upon their government to do something to help them improve their terms of trade. Governments cannot do this very effectively for one group of citizens against another group in the same country, but they can do it against people in other countries. Thus we have American producers of lead and zinc asking for protection against imports from Canada, Mexico, and Peru, and you have producers of fruits and vegetables or of manufactured goods in Ontario asking for protection against imported goods from the United States.

I am afraid that many Canadians have come to believe that the United States has imposed trade restrictions contrary to its international trade-agreement commitments. I want to make it clear that this is not the case. Such restrictions as we have had to apply have been applied consistently with the obligations and procedures provided for in the General Agreement on Tariffs and Trade. And under these procedures we have consulted the Canadian Government at all points where Canada's trade interests have been affected.

My reason for mentioning these points is to emphasize the fact that all of us in the free world—whether it is Canada, the United States, the United Kingdom, France, Germany, or Japan—are sometimes compelled to protect our domestic producers against severe competition from abroad.

But moderation should be the rule when our domestic actions affect the vital interests of other countries. We must remember to talk things over, to have regard for the other fellow, and to emphasize the elements of cooperation rather than the elements of division.

#### **Soviet Threat to the Free-World Economy**

Economic cooperation among the countries of the free world is particularly essential now, when we are faced with the fact of a massive economic offensive directed against us by the Soviet Union.

The Soviet economy and the economies of countries bound to it or associated with it are directed from the center and are subject to an elaborate structure of administrative control which enables Moscow to manipulate a rich and diversified economy to serve its political purposes. The rulers of the Kremlin do not need to present budgets to Parliament or Congress; they do not need to run for elections; they do not need to explain to people at home what they do abroad; they do not need to give their people the economic fruits of their efforts; they can, therefore, simply organize and direct the human and material resources of a vast empire to achieve their objectives.

What are these objectives? They can be easily ascertained by reading what has been written by Lenin or Stalin or Khrushchev or any number of other Soviet writers. Soviet leaders may occasionally differ on scholastic points and may now and then disagree about tactics. But they all adhere to the same dogma. That dogma is scientifically false, economically unsound, and completely amoral. The dogma calls for a program of action designed to achieve world domination for the rulers of the Kremlin. Let there be no mistake about this; these people are true to their creed, diligent in their efforts, and resourceful in their tactics. They have at their disposal vast material resources and a talented and sturdy group of peoples. The representatives of this group of rulers may on occasion be charming and friendly, may seem reasonable and anxious to please, and may say that they intend no harm. People are free to believe this if they wish, but they do so at their peril. A general acceptance of the idea that sweet reasonableness and moral principles like our own animate the rulers of the Kremlin can lead only to enslavement, from which there is no escape.

I have dwelt a little on the essential nature of the Soviet regime because I think we tend to forget, with that agreeable human faculty for self-tranquilizing, the unpleasant facts of the past which are still truthful indicators of the continuing purposes of international communism. I am not saying we cannot coexist with the Soviet Union; I am saying that we can coexist only if we are determined to maintain our principles and to struggle for them.

Etternal vigilance is necessary, and this is difficult to maintain in democratic societies like ours in North America, where we tend to be too much preoccupied with our creature comforts and amusements. When there have been Soviet military threats, we have identified them easily. The Soviet threat to the free-world economy, however, is fully as dangerous. It is nothing less than a challenge to the whole economic system of the free world. It would cast the free-enterprise system onto the rubbish heap of history and install in its place the Communist system of control.

How is this challenge to be met? It cannot be met by economic warfare, by attempting to countervail specific Soviet measures with piecemeal actions of our own. It cannot be met merely by labeling the Soviet offensive as propagandistic and subversive, even though these adjectives aptly describe its nature and purpose. The Soviet economic offensive can only be met by action to strengthen the free-world economic system itself. This means more international trade. It means more assistance to the less developed countries. It means greater international efforts to provide financial stability to the world community. It means inducing a greater flow of private international investment so that the economic resources of the free world will be more fully used for the benefit of all mankind.

I am more than hopeful that these things will be done.

If the governments of the free world will now—over the next few years—adopt measures of a practical sort to enlarge world trade, to step up their assistance to the less developed areas, to increase the resources and influence of the existing international financial institutions, and, finally, to put to work the great forces of private capital, then we need have no fear of the Soviet economic offensive. For the forces of freedom will win this battle of the economic systems if we will only allow them to work.

August 25, 1958

## U.S. Asks Soviets for Reciprocity in Press Release Distribution

Press release 452 dated August 7

### DEPARTMENT ANNOUNCEMENT

On August 5 the Department of State delivered a note to the Soviet Embassy at Washington concerning the Embassy's distribution of press releases. The note points out that the Soviet Embassy recently began distributing press releases to the U.S. press, to individual Members of the Congress, U.S. Government officials, and members of the general public. These releases contain statements and appeals by Soviet leaders and organizations on a variety of subjects. They are distributed both directly and through the U.S. postal system.

The note inquires whether this action of the Soviet Embassy at Washington may be taken as an indication that the Soviet Government is prepared to insure full and effective reciprocal privileges for the U.S. Embassy at Moscow. In the note the Department reiterates the longstanding support of the U.S. Government for a freer exchange of information and ideas and a lowering of the barriers erected by the Soviet Government in this field.

### TEXT OF NOTE

The Acting Secretary of State of the United States of America presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics, and has the honor to refer to the recent action of the Embassy in commencing wide distribution to the press, to individual members of Congress, to other Government officials, and to the general public, of press releases containing statements and appeals by Soviet leaders and organizations on a variety of subjects.

As the Soviet Government is aware, the United States Government has traditionally favored a free exchange of information and ideas among the peoples of the world. Evidence of United States initiative in this regard is contained, insofar as the Soviet Union is concerned, in the proposals submitted by the Foreign Ministers of the United States, the United Kingdom, and France on October 31, 1955 at the Geneva Meeting of Foreign



Ministers<sup>1</sup> and in the United States position during negotiations leading to the Agreement of January 27, 1958<sup>2</sup> on Exchanges in the Cultural, Technical, and Educational Fields.

Points one and two of the 1955 Geneva proposals state:

1. Freer exchange of information and ideas should be facilitated. All censorship should be progressively eliminated. The obstacles which hamper the flow of full factual information and varied comment between the peoples of the West and those of the Soviet Union, should be removed.

2. Arrangements should be made for the four Powers to open information centers, on a basis of reciprocity, in each other's capitals where these do not already exist. Everyone should be allowed full use of these centers without hindrance or discouragement from their own government.

During negotiations leading to the January 27, 1958 Agreement, the United States delegation consistently sought to persuade the Soviet delegation that it is in the interests of both countries for the Soviet Government to remove the obstructions that prevent open and regular access by Soviet citizens to the American viewpoint on matters of interest to the two countries and on world events.

The Soviet Government has not seen fit to accept these proposals. It continues to jam Western radio programs and control the sale of foreign books and publications. The suppression or distortion of news, which is inseparable from such practices, can scarcely be understood as other than a calculated effort to prevent American viewpoints from reaching the Soviet people. The Department notes this fact here not to incite controversy, but as evidence of the serious concern with which it regards these obstacles to the strengthening of friendly relations between the Soviet and American peoples.

The United States Government will give prompt recognition to any indication of willingness by the Soviet Government to take positive measures toward a relaxation of existing Soviet restrictions on the free flow of information and ideas. It is in this light that the Department wishes to inquire whether the action of the Soviet Embassy in Washington in distributing press releases, directly and through the United States postal system, may be taken as an indication that the Soviet Government

is prepared to insure full and effective reciprocal privileges for the United States Embassy at Moscow.

## Turkey To Receive Financial Aid From Three Sources

*Following is the text of a joint statement agreed upon between the United States and Turkey at Paris on July 31 (press release 442 dated August 3) upon conclusion of discussions between representatives of the two Governments, which were held at Paris July 28-31, together with announcements released on August 3 by the Organization for European Economic Cooperation and the International Monetary Fund.*

### U.S.-TURKEY JOINT STATEMENT

Representatives of the Governments of the United States and Turkey, meeting in Paris, today completed discussions relating to financial assistance to Turkey.

The Government of the United States was represented by Ambassador W. Randolph Burgess, U.S. Representative to the Organization for European Economic Cooperation, and Assistant Secretary of the Treasury Laurence B. Robbins. The Government of Turkey was represented by the Minister of Foreign Affairs F. R. Zorlu and the Minister of Finance H. Polatkan.

During these discussions the Turkish Government informed the Government of the United States that Turkey had advised the International Monetary Fund and the Organization for European Economic Cooperation of the decision of the Turkish Government to adopt a comprehensive financial program designed to eliminate inflation and restore financial stability.

As a consequence of the financial program undertaken by Turkey, Governments members of the OEEC and the European Payments Union, acting under the aegis of the OEEC, intend to extend to Turkey credits equivalent to \$100,000,000. The International Monetary Fund has agreed to make available to Turkey the equivalent of \$25,000,000, and the United States has agreed to extend to Turkey certain financial facilities amounting to \$234,000,000.

<sup>1</sup> For text, see BULLETIN of Nov. 14, 1955, p. 778.

<sup>2</sup> *Ibid.*, Feb. 17, 1958, p. 243.



The total of \$359,000,000 in financial facilities to be provided Turkey from these three sources is designed to take account of the Turkish balance-of-payments situation, particularly during the next twelve months, and to enable the Turkish Government to carry into effect the financial program which it has decided upon.

Also, the Governments concerned have agreed to confer at an early date, under the aegis of the OEEC, with a view to rearranging Turkey's short-term debt so that repayment of this debt will be spread over a period in the light of Turkey's ability to pay.

The financial facilities to be provided Turkey by the United States would consist of the following:

1. Special grant assistance to Turkey in meeting immediate balance-of-payments needs <sup>1</sup>	\$ 25, 000, 000
2. Development assistance to be extended by lending institutions of the United States Government for loans on agreed projects in such fields as solid fuels, power, minerals, manufacturing industries and transportation <sup>1</sup>	75, 000, 000
3. Defense support assistance during fiscal year 1959 <sup>1</sup>	75, 000, 000
4. Postponement of 20 semi-annual installments as to principal and interest, on 3 ECA-MSA loans to Turkey of 1948, 1949 and 1952	44, 000, 000
5. Sale to Turkey, for payment in liras, of agricultural products to be agreed upon (subject to the extension by Congress of the Agricultural Trade Development and Assistance Act), estimated at an export value of not less than	15, 000, 000
	<hr/> \$234, 000, 000

#### OEEC ANNOUNCEMENT

The Organization for European Economic Cooperation announced on August 4 that the Council of the OEEC, after examination of a stabilization program submitted to the Organization by the Turkish Government, has approved arrangements whereby about \$100 million of credit will become available to Turkey.

Twenty-five million of this credit will be made available to Turkey through the European Payments Union by the Council's decision to provide Turkey with a *rallonge* extending Turkey's settlement facilities in the Union on 75 percent gold, 25

<sup>1</sup> It is understood that that part of the assistance described in these headings that is to be provided under the Mutual Security Act would be subject to Congressional appropriations for Mutual Security for use beginning in fiscal year 1959 [footnote in original].

percent credit basis by 100 million units of account (the EPU unit of account is equivalent to one U.S. dollar).

The remaining \$75 million will be made available to Turkey outside the EPU during the coming months by the member countries of the Organization. The International Monetary Fund has, at the same time, approved a drawing by Turkey on the fund of \$25 million, and further financial facilities amounting to \$234 million are being extended to Turkey by the Government of the United States.

Thus the total assistance made available to Turkey through the OEEC, the IMF, and the U.S. Government amounts to \$359 million.

This decision, which demonstrates once again the close cooperation which exists between the countries of Western Europe through the OEEC and their readiness to help each other under the aegis of the Organization, was taken after a careful examination of the economic situation in Turkey and the program put forward by the Turkish Government to redress this situation.

The Turkish Government has declared its intention to put this program into operation without delay, to pursue it with determination, and, by all available means, to insure its complete success. Moreover, it is prepared, when required and in consultation with the Organization, to strengthen and supplement the measures for which the program provides.

With regard to debts due or falling due within the next few years, it has been agreed that a conference shall be convened at an early date, under the aegis of OEEC, to agree upon the arrangements for the spreading of the repayment over a certain period.

At the request of the Turkish Government, immediate consultations will take place regarding a standstill of payments under the bilateral.

#### IMF ANNOUNCEMENT

The International Monetary Fund announced on August 3 that the Government of Turkey has adopted a broad stabilization program designed to arrest inflationary pressures, to strengthen its balance-of-payments position, and to prepare the ground for future balanced development of its resources. The Government has consulted the International Monetary Fund on changes in the

Turkish exchange system, which will become effective August 4 as part of the stabilization program. The new exchange system establishes, as a result of a surcharge and premia applied to the par value of LT 2.80, a single effective import (selling) rate of LT 9.00 per US\$1, and three effective export (buying) rates: LT 4.90 for a first list of commodities; LT 5.60 for a second list of commodities; and LT 9.00 for all other commodities, invisibles, and capital transfers. Simultaneously all other multiple-currency practices are being eliminated.

The changes in Turkey's exchange system are aimed at removing the preexisting disparity between internal and external prices. This will help the authorities to restore a stable price structure internally and facilitate the reduction of export subsidies. The Government's program includes measures designed to balance the budget, to eliminate deficits of the state economic enterprises, and to restrict credit expansion. The Government is adjusting its investment policy to give priority to

projects that will most effectively stimulate exports or reduce imports.

To assist the Turkish Government in its program, financial facilities have been provided as follows: credits equivalent to \$100 million to be extended by Governments members of the OEEC and the European Payments Union; and \$234 million by the U.S. Government. In addition, the fund has agreed to a purchase of foreign exchange from its resources amounting to the equivalent of \$25 million, half in U.S. dollars and half in deutschemarks. There will be a standstill of 6 months in connection with a substantial part of Turkey's external debts, and in this period negotiations will take place on new schedules of payment.

The fund welcomes the comprehensive nature of the Turkish stabilization program, the success of which will depend on its determined implementation by the Turkish authorities. The fund will remain in consultation with Turkey.

## THE CONGRESS

### Views of the Department of State on Creating a Permanent United Nations Emergency Force

*Statement by Francis O. Wilcox*

*Assistant Secretary for International Organization Affairs<sup>1</sup>*

#### Introduction

The Department of State welcomes this opportunity to present its views on a resolution in which so many Members of the Congress have shown an interest. Recent events, it would seem, tend to emphasize all the more the need for some kind of permanent arrangements for a United Nations force. The Department is convinced, therefore, that full discussion of the matter is both timely and important.

#### Background of Problem

I should like to stress at the outset that the United States Government has for many years advocated a policy consistent with the general

line of reasoning outlined in House Resolution No. 367. The United States has repeatedly sought to strengthen the capacity of the United Nations to carry out its important responsibilities under the charter. As long ago as 1947, we urged that the Security Council should exert every effort to complete the task imposed by article 43 of the U.N. Charter, which contemplated making armed forces, assistance, and facilities available to the Security Council on its call. The U.N.

<sup>1</sup> Made on July 25 before the Subcommittee on International Organizations and Movements of the House Committee on Foreign Affairs during hearings on H. Res. 367, "recommending the creation of a permanent United Nations Emergency Force."

Military Staff Committee was charged with working out implementing details, but the work of that group foundered on basic divergence of views between the Soviet Union and the other members of the committee. Among other things, there were wide differences with respect to the size and composition of such a force, its location, and the nature of the command structure. In the intervening years, because of Soviet opposition, it has been impossible to accomplish any progress through the Military Staff Committee.

In spite of this failure, the United States Government has supported all other efforts to establish United Nations forces whenever the need arose. I hardly need recall that it was the United States which took the lead as the United Nations Command in repelling aggression in Korea. In this instance we stood solidly behind the U.N. military effort. From this experience we learned two important lessons: (1) that a U.N. force, to be most effective, must be such that it can be quickly mobilized; and (2) there must be an acceptable basis of sharing expenses among the members of the U.N. Moreover, the United States sponsored the "Uniting for Peace" resolution in 1950,<sup>2</sup> which was designed to make possible effective General Assembly action when the Security Council is unable to act because of the paralyzing effect of the veto.

The United States also has given, and continues to give, full support to the United Nations Emergency Force in the Middle East. At the time this force was created, Secretary Dulles told the General Assembly that both he and President Eisenhower shared the view that the Secretary-General should be authorized to make arrangements for a U.N. force large enough to keep the borders at peace while a political settlement was being worked out. As House Resolution 367 indicates, this force did make an important contribution to international peace and stability in the Middle East. The UNEF experience has shown clearly how, under certain circumstances, such a force can serve an extremely useful purpose. For many months the frontiers between Egypt and Israel have been free from the kind of hostile incursions which formerly troubled the area.

The Department of State shares the view of this committee that a similar force, established on a permanent basis, could be an important instru-

ment for observing and reporting, and for assisting in the maintenance of international peace and security. You will have noted, in connection with the current Middle East crisis, that our Government supported the establishment of the United Nations Observer Group in Lebanon.<sup>3</sup> We also presented a resolution to the Security Council on July 17,<sup>4</sup> requesting that the Secretary-General consult member states with a view to making arrangements for additional measures, including contingents, to protect Lebanese integrity and independence and insure against illegal infiltration of personnel or arms into Lebanon. Unfortunately this resolution was vetoed by the Soviet Union.

### Primary Issues

I recall these examples, which I know are familiar to all of you, in order to emphasize the positive attitude of the United States Government toward the creation of United Nations forces in order to meet a variety of difficult situations. The State Department is also favorably inclined toward making more permanent arrangements for some type of U.N. force. However, in examining this question, there are a number of very fundamental problems which must be considered carefully. The problems involved include the following:

(1) What would be the objectives of a U.N. force? Should it be a military establishment able to repel armed attack; should it be a force, such as UNEF, designed to serve as a buffer between two hostile camps; or should it be merely a group of observers, such as the U.N. Observer Group has been in Lebanon? Or what other function, consistent with the charter, could such a force usefully perform?

(2) The next major question relates to the size of the group which may be necessary to accomplish whatever may be agreed upon as its fundamental objectives. Recommendations on this point range from small teams of observers or police units up to permanent contingents of from ten to twenty thousand armed men.

(3) Where would these forces be stationed? Should they be located at one central point, or

<sup>2</sup> *Ibid.*, July 14, 1958, p. 88.

<sup>4</sup> For background and text of resolution, see *ibid.*, Aug. 4, 1958, p. 186.

<sup>2</sup> BULLETIN of Nov. 20, 1950, p. 823.

should contingents in each country be earmarked and readily available for dispatch as necessary?

(4) The next question—and this a very important one—relates to the control of the force and the authority to use it. Presumably it would be subject to the control of the Security Council and the General Assembly. We must keep in mind, however, that the decisions of the Security Council are subject to the veto, and the recommendations of the General Assembly, in this respect, require a two-thirds majority. Control by the Secretary-General, of course, is another possibility if some formula could be worked out which would be acceptable to the Security Council or the Assembly.

(5) Obviously, the problems connected with the financing of a permanent U.N. force are extremely difficult, particularly if one takes into account the lessons taught by the U.N. undertaking most closely resembling the concept of a permanent U.N. force, i. e., the United Nations Emergency Force (UNEF). The UNEF operations, so far, have been one of the most eminently successful undertakings of the United Nations and have demonstrated clearly the U.N.'s capacity for effective action in certain types of situations.

Yet, in terms of budgetary considerations (the total regular budget of the U.N. is about \$50 million), the establishment and continuation of UNEF has presented problems of a financial nature that have not as yet been solved in any lasting fashion. Estimated UNEF expenses during its first 2 years were placed at \$30 million annually, which is an amount equal to more than half of the regular U.N. budget. Inspired by the high purposes of the UNEF undertaking and encouraged by special contributions from the United States amounting to \$13 million, the General Assembly has assessed itself a total of \$40 million for UNEF. However, without the additional support from the United States which I referred to, it is doubtful whether the U.N. would have been able to bear the heavy financial burden of the total cost of UNEF. Our voluntary and assessed contributions account for almost 50 percent of UNEF's expenses for the 2-year period.

Moreover, the figures I have just cited do not cover the base pay and normal equipment of the national contingents in UNEF. These considerable expenses are borne directly by the individual governments contributing the contingents. They

are thus not a charge, either directly or indirectly, upon either the U.N. or the U.S.

These financial facts pose inescapable problems which are associated with the establishment and maintenance of a permanent U.N. force. The conclusions to be drawn from them would depend greatly on the contribution which we believe such a force would make to the national interests of the United States. They would also depend on the value we place on imparting initiative, leadership, and assistance to the community of nations in the struggle to maintain world peace. One conclusion, however, is unavoidable in light of past experience and present circumstances, namely, that a permanent U.N. force probably would not come into being if the United States contribution to it were limited to the percentage we pay under the regular U.N. budget. Whether our participation should be based on a strictly capacity-to-pay formula or on some other formula is difficult to say, but it is evident that some new approach to the problem must be made if such a force is to be created.

#### Next Steps

For the past few months the Secretary-General of the United Nations has been engaged in a study, based upon the experience of UNEF, of the possibility of creating a permanent U.N. force. He is still in the midst of that study and is presently carrying out informal discussions with member states. A report on the experiences of UNEF is expected at the coming General Assembly meeting in the fall. Consequently, it would not seem desirable for our Government to take any definitive position with respect to this problem until we have had an opportunity to examine the recommendations of the Secretary-General.

Nevertheless, several observations of a general nature would seem to be in order. The executive branch believes that some form of permanent arrangements can and should be made which would expedite raising and dispatching of U.N. forces when the need arises. Since no two situations which may develop are likely to be identical, a maximum of flexibility must be maintained.

In the second place, in the light of our experience it would be extremely difficult—if not impossible—to establish a U.N. force of the type and magnitude of the force used in Korea. Approval of such a force is unlikely because of the extreme



reluctance of member states to commit in advance their manpower and their financial resources to an undertaking of this nature. More recent experience in the Middle East, however, suggests the desirability of creating some form of U.N. corps for observation, patrol, and related functions. In this connection it might be desirable to establish a U.N. planning staff to develop the necessary plans for calling into being, deploying, and supporting such a force, as well as developing concepts for operation and training within the scope of the limited activities which I have referred to. Such a planning staff would also address itself to the logistics problems involved. The recent difficulties experienced in getting the United Nations Observer Group in Lebanon properly organized, because there was no staff within the U.N. Secretariat which had made the necessary advance plans for such a contingency, points up the need for just this type of planning.

### Conclusions

In conclusion I should like to say that the general lines of House Resolution 367 are consistent with the views of the Department of State. However, the committee may wish to consider the possibility of revising the resolution so as to permit additional flexibility. In particular I refer to paragraph (d), which states that "Expenses of maintenance of the force should be provided by the United Nations out of its regular budget." In view of the difficult financial problems which would be involved in establishing any permanent U.N. force, as I discussed earlier, I believe it would be useful if the committee would delete or modify this paragraph.

Mr. Chairman, the executive branch welcomes the initiative which your subcommittee has taken in studying this important problem. We believe that the expression of congressional sentiment, which passage of such a resolution would represent, will serve as a helpful guide to the Department of State in our consideration of this matter.

May I make one final comment, Mr. Chairman? In this nuclear age, when we are all faced with annihilation, man must continue relentlessly his eternal quest for peace. In this quest I believe that our best hope still lies in the concept of collective security and in taking what steps we can to strengthen the peace machinery of the United Nations.

## National Aeronautics and Space Act Signed by the President

*Statement by President Eisenhower*

White House press release dated July 29

I have today signed H. R. 12575, the National Aeronautics and Space Act of 1958.

The enactment of this legislation is an historic step, further equipping the United States for leadership in the space age. I wish to commend the Congress for the promptness with which it has created the organization and provided the authority needed for an effective national effort in the fields of aeronautics and space exploration.

The new Act contains one provision that requires comment. Section 205 authorizes cooperation with other nations and groups of nations in work done pursuant to the Act and in the peaceful application of the results of such work, pursuant to international agreements entered into by the President with the advice and consent of the Senate. I regard this section merely as recognizing that international treaties may be made in this field, and as not precluding, in appropriate cases, less formal arrangements for cooperation. To construe the section otherwise would raise substantial constitutional questions.

The present National Advisory Committee for Aeronautics (NACA), with its large and competent staff and well-equipped laboratories, will provide the nucleus for the NASA. The NACA has an established record of research performance and of cooperation with the Armed Services. The combination of space exploration responsibilities with the NACA's traditional aeronautical research functions is a natural evolution.

The enactment of the law establishing the NACA in 1915 proved a decisive step in the advancement of our civil and military aviation. The Aeronautics and Space Act of 1958 should have an even greater impact on our future.

## Congressional Documents Relating to Foreign Policy

### 85th Congress, 2d Session

Review of Foreign Policy, 1958. Hearings before the Senate Committee on Foreign Relations on foreign policy (United States policies respecting Europe and United States Policies on a Global Basis). Part 4, June 3-6, 1958. 93 pp.

Passports. Message from the President of the United States transmitting certain recommendations relating to passports. H. Doc. 417, July 7, 1958. 2 pp.

Report of the Special Study Mission to the Near East and North Africa by Frances P. Bolton, ranking minority member of the Subcommittee on the Near East and Africa of the House Committee on Foreign Affairs, pursuant to H. Res. 29. H. Rept. 2214, July 7, 1958. 14 pp.

Proposed Euratom Agreements (with associated documents and materials). Joint Committee on Atomic Energy. July 1958. 52 pp. [Joint Committee print.]

Czechoslovakian Claims Fund. Hearing before the Subcommittee on Foreign Economic Policy of the House Committee on Foreign Affairs on H. R. 11840, S. 3557, and S. 979 to amend the International Claims Settlement Act of 1949, as amended (64 Stat. 12). July 9, 1958. 59 pp.

Twentieth Semiannual Report on Educational Exchange Activities. Letter from the Chairman, United States Advisory Commission on Educational Exchange transmitting the 20th semiannual report on the educational exchange activities conducted under the United States Information and Educational Exchange Act of 1948 (Public Law 402, 80th Cong.) from January 1 through June 30, 1958. H. Doc. 419, July 9, 1958. 6 pp.

Recording the Admission of Certain Hungarian Refugees. Report to accompany H. R. 11033. S. Rept. 1817, July 10, 1958. 10 pp.

Transfer of Federal Employees to International Organizations. Report to accompany S. 4004. S. Rept. 1836, July 14, 1958. 4 pp.

Lebanon Situation. Message from the President of the United States relative to the Lebanon situation. H. Doc. 422, July 15, 1958. 3 pp.

National Aeronautics and Space Act of 1958. Conference report to accompany H. R. 12575. H. Rept. 2166, July 15, 1958. 25 pp.

Trade Agreements Extension Act of 1958. Report, together with individual and minority views, to accompany H. R. 12591. S. Rept. 1838, July 15, 1958. 47 pp.

Study of United States Relations With the American Republics. Report to accompany S. Res. 330. S. Rept. 1841, July 16, 1958. 2 pp.

Authorizing Appropriations for the Corregidor-Bataan Memorial Commission. Report to accompany H. R. 13265. H. Rept. 2213, July 17, 1958. 6 pp.

Continuing Study of Disarmament. Report to accompany S. Res. 335. S. Rept. 1843, July 17, 1958. 1 p.

United States Foreign Policy. Report to accompany S. Res. 336. S. Rept. 1844, July 17, 1958. 7 pp.

The Czechoslovakian Claims Fund. Report to accompany S. 3557. H. Rept. 2227, July 18, 1958. 18 pp.

Authorizing Appropriations for Continuing the Construction of the Rama Road in Nicaragua. Report to accompany S. 3712. S. Rept. 1880, July 22, 1958. 5 pp.

Authorizing the Appropriation of Funds to Finance the 1961 Meeting of the Permanent International Association of Navigation Congresses. Report to accompany H. R. 11305. S. Rept. 1879, July 22, 1958. 5 pp.

United Nations Emergency Force. Report to accompany S. Con. Res. 109. S. Rept. 1884, July 22, 1958. 2 pp.

Revision of Canal Zone Code. Report to accompany H. R. 11549. S. Rept. 1897, July 23, 1958. 6 pp.

Creating a Standing Committee on Aeronautical and Space Sciences. Report to accompany S. Res. 327. S. Rept. 1925, July 23, 1958. 3 pp.

Extending the Period for Filing Claims Under the War Claims Act of 1948. Report to accompany S. 163. S. Rept. 1889, July 23, 1958. 5 pp.

Amending Section 245 of the Immigration and Nationality Act, and for Other Purposes. Report to accompany H. R. 13451. H. Rept. 2258, July 23, 1958. 6 pp.

Continuing a Study of the Problems of World Disarmament. Report to accompany S. Res. 335. S. Rept. 1940, July 24, 1958. 3 pp.

Coordination of Cultural Exchange and Training Programs. Report to accompany S. 3112. S. Rept. 1932, July 24, 1958. 3 pp.

Study of United States Relations With the American Republics. Report to accompany S. Res. 330. S. Rept. 1939, July 24, 1958. 2 pp.

Authorizing a Study of United States Foreign Policy. Report to accompany S. Res. 336. S. Rept. 1941, July 24, 1958. 2 pp.

Proposed Agreement for Cooperation Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes. Report made by the Joint Committee on Atomic Energy. S. Rept. 2041, July 29, 1958, 24 pp.; H. Rept. 2299, July 29, 1958, 24 pp.

Quality Regulation of Imported Agricultural Commodities. Report to accompany H. R. 11056. H. Rept. 2309, July 30, 1958. 5 pp.

Purchase of Flour and Cornmeal for Donation. Report to accompany H. R. 13268. H. Rept. 2317, July 30, 1958. 7 pp.

Providing for Licensing Independent Foreign Freight Forwarders, and for Other Purposes. Report to accompany H. R. 8382. H. Rept. 2333, July 31, 1958. 31 pp.

Antidumping Act, 1921. Conference report to accompany H. R. 6006. H. Rept. 2352, August 1, 1958. 3 pp.

## INTERNATIONAL ORGANIZATIONS AND CONFERENCES

### International Bank Issues Year-End Financial Statement

The International Bank for Reconstruction and Development on August 5 reported net income of \$42 million for the fiscal year ended June 30, 1958, compared with \$36 million for the preceding fiscal year.

This income was placed in the supplemental reserve against losses on loans and guaranties and raised the reserve to \$236 million. Loan commissions amounted to \$20 million and were credited to the bank's special reserve, increasing that reserve to \$114 million.

Total reserves on June 30, 1958, were \$350 million.

Gross income, exclusive of loan commissions, was \$99 million, compared with \$74 million in the preceding year. Expenses, which included

\$48 million for interest on bank borrowings and other financial expenses, totaled \$57 million, compared with \$38 million last year.

During the year the bank made 34 loans totaling the equivalent of \$711 million, compared with a total of \$388 million last year. This brought the gross total of loan commitments at June 30 to \$3,819 million. This year's loans were made in Austria, the Belgian Congo, Belgium, Brazil, Chile, Ecuador, Honduras, India, Italy, Japan, Mexico, Nigeria, Pakistan, Peru, Philippines, Rhodesia and Nyasaland, South Africa, and Thailand.

Disbursements were \$499 million, compared with \$332 million in the preceding year. Cumulative disbursements amounted to \$2,795 million on June 30, 1958.

During the year the bank sold or agreed to sell \$87 million principal amount of loans without its guaranty. On June 30 the total sales of loans amounted to \$420 million, of which \$351 million was without the bank's guaranty.

Principal repayments received by the bank during the year amounted to \$28 million. This brought total repayments to \$392 million on June 30, including \$219 million repaid to the bank and \$173 million repaid to the purchasers of borrowers' obligations sold by the bank.

On June 30, 1958, the funded debt of the bank was \$1,658 million, showing a net increase of \$625 million during the year. The bank's borrowing operations during the fiscal year consisted of three public issues of U.S. dollar bonds totaling \$375 million, three U.S. dollar issues totaling \$250 million placed privately with the Deutsche Bundesbank, and two other privately placed U.S. dollar issues totaling \$25 million. Delayed delivery was arranged for \$44 million of bonds sold during the year; \$19 million were delivered by June 30. Pursuant to arrangements for delayed delivery of bonds of previous issues, the bank issued a further \$23 million of its obligations during the year. The bank retired at maturity and through purchase and sinking fund operations a total of \$23 million.

Ghana, Ireland, Malaya, Morocco, Saudi Arabia, Sudan, and Tunisia became members of the bank during the year, bringing the number of members to 67 and total subscribed capital to \$9,405 million on June 30, 1958.

## **Mr. Cooper Named U.S. Delegate to ECE Electric Power Committee**

The Department of State announced on August 5 (press release 447) the designation of Howard W. Cooper, vice president and assistant to the chairman of the Minnesota Power and Light Company of Duluth, Minn., as the U.S. delegate to a series of meetings being held at Geneva under the auspices of the United Nations Economic Commission for Europe's Electric Power Committee, October 6-10, 1958.

These meetings will bring together experts in the electrical power field to consider and discuss matters pertaining to rural electrification, legal questions, and hydropower problems of Europe. The meeting on rural electrification will be preceded by a 10-day visit to Italian electric-power installations at the invitation of the Italian Government.

## **Current U.N. Documents: A Selected Bibliography<sup>1</sup>**

### **Security Council**

Letter Dated 11 June 1958 From the Representative of India Addressed to the President of the Security Council. S/4024, June 11, 1958. 8 pp. mimeo.

Letter Dated 13 June 1958 From the Representative of Greece Addressed to the President of the Security Council. S/4025, June 13, 1958. 6 pp. mimeo.

Letter Dated 13 June 1958 From the Representative of Turkey Addressed to the Secretary-General. S/4026, June 13, 1958. 4 pp. mimeo.

Report by the Secretary-General on the Implementation to date of the Resolution of the Security Council of 11 June 1958, on the Complaint by Lebanon. S/4029, June 16, 1958. 7 pp. mimeo.

Letter Dated 16 June 1958 From the Representative of Turkey Addressed to the President of the Security Council. S/4028, June 16, 1958. 12 pp. mimeo.

Note by the Secretary-General Circulating UNTSO report on firing incident of 26 May 1958 on Mount Scopus. S/4030, June 17, 1958. 48 pp. mimeo.

Letter Dated 19 June 1958 From the Representative of Pakistan Addressed to the President of the Security Council. S/4032, June 19, 1958. 20 pp. mimeo.

Letter Dated 19 June 1958 From the Representative of Greece Addressed to the President of the Security Council. S/4033, June 19, 1958. 5 pp. mimeo.

Letter Dated 24 June 1958 From the Representative of

<sup>1</sup> Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N.Y. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

- Turkey Addressed to the President of the Security Council. S/4035, June 24, 1958. 2 pp. mimeo.
- Letter Dated 25 June 1958 From the Representative of Pakistan Addressed to the President of the Security Council. S/4036, June 25, 1958. 2 pp. mimeo.
- First Report of the U.N. Observation Group in Lebanon Submitted through the Secretary-General in pursuance of the resolution of the Security Council of 11 June 1958 (S/4023). S/4040. July 3, 1958. 16 pp. mimeo.
- Letter Dated 6 July 1958 From the Representative of India Addressed to the President of the Security Council. S/4042. July 7, 1958. 8 pp. mimeo.
- Letter Dated 8 July 1958 From the Permanent Representative of Lebanon Addressed to the Secretary-General. S/4043. July 8, 1958. 13 pp. mimeo.
- Letter Dated 14 July 1958 From the Representative of India Addressed to the President of the Security Council. S/4046. July 14, 1958. 2 pp. mimeo.
- Letter Dated 15 July 1958 From the Acting Permanent Representative of Pakistan to the United Nations Addressed to the President of the Security Council. S/4048. July 15, 1958. 2 pp. mimeo.
- Interim Report of the U.N. Observation Group in Lebanon Submitted through the Secretary-General in pursuance of the resolution of the Security Council of 11 June 1958 (S/4023). S/4051. July 16, 1958. 2 pp. mimeo.
- Second Interim Report of the U.N. Observation Group in Lebanon Submitted through the Secretary-General in pursuance of the resolution of the Security Council of 11 June 1958 (S/4023). S/4052. July 17, 1958. 6 pp. mimeo.
- Letter Dated 18 July 1958 From the Permanent Representative of Yemen to the President of the Security Council. S/4058. July 21, 1958. 5 pp. mimeo.
- Report by the Secretary-General to the President of the Security Council Concerning the Credentials of the Representative of Iraq on the Security Council. S/4060. July 21, 1958. 3 pp. mimeo.

#### General Assembly

- UNREF Executive Committee. Further report on the Problem of Hungarian Refugees. A/AC.79/107. 40 pp. mimeo.
- UNREF Executive Committee. Survey of the Non-Settled Refugee Population in Various Countries. Statistical Annex. A/AC.79/111/Annex. April 21, 1958. 127 pp. mimeo.
- UNREF Executive Committee. Report on a Survey of Difficult Cases Living in Camps in Germany. A/AC.79/113. April 22, 1958. 108 pp. mimeo.
- UNREF Executive Committee. Note on Survey of Non-Settled Refugee Population in Various Countries. A/AC.79/111/Add.1. April 23, 1958. 8 pp. mimeo.
- International Law Commission. Diplomatic Intercourse and Immunities. Summary of observations received from Governments and conclusions of the Special Rapporteur. A/CN.4/116. May 2, 1958. 92 pp. mimeo.
- UNREF Executive Committee. Report on the Far Eastern Operation. A/AC.79/110. May 19, 1958. 6 pp. mimeo.
- UNREF Executive Committee. Progress Report as of 31 March 1958. A/AC.79/108. May 21, 1958. 121 pp. mimeo.
- UNREF Executive Committee. Note on Problem of International Assistance to Non-Settled Refugees After Termination of the UNREF Programme. A/AC.79/115. May 21, 1958. 12 pp. mimeo.
- Administrative and Budgetary Co-ordination Between the United Nations and the Specialized Agencies. Programmes of Technical Assistance. A/3832, June 16, 1958. 5 pp. mimeo.

- Question of Initiating a Study of the Juridical Regime of Historic Waters, Including Historic Bays (Resolution of the United Nations Conference on the Law of the Sea). Note by the Secretary-General. A/3830, June 18, 1958. 4 pp. mimeo.
- Question of Convening a Second United Nations Conference on The Law of the Sea (Resolution of the United Nations Conference on the Law of the Sea). Note by the Secretary-General. A/3831, June 18, 1958. 6 pp. mimeo.
- United Nations Conciliation Commission for Palestine. Sixteenth Progress Report (For the period from 1 October 1956 to 31 May 1958). A/3835, June 18, 1958. 7 pp. mimeo.
- Communiqué Dated 21 June 1958 by the Special Committee on the Problem of Hungary. A/AC.88/2, June 21, 1958. 2 pp. mimeo.
- UNREF Executive Committee. Report on the Eighth Session. A/AC.79/124. June 17, 1958. 29 pp. mimeo.
- Special Report of the Special Committee on the Problem of Hungary. A/3849. July 14, 1958. 32 pp. mimeo.

#### Economic and Social Council

- Programme of Work and Priorities, 1958-59. E/CN.12/AC.40/8. March 31, 1958. 20 pp. mimeo.
- Proposed Transfer of Functions from the United Nations to the Inter-Governmental Maritime Consultative Organization (IMCO). Note by the Secretary-General. E/3132, June 10, 1958. 5 pp. mimeo.
- Observations on the Work Programme of the Council in the Economic, Social and Human Rights Fields. Report by the Secretary-General. E/3134, June 10, 1958. 40 pp. mimeo.

#### Trusteeship Council

- Revision of the Questionnaire Relating to Trust Territories. Fifth Progress Report of the Sub-Committee on the Questionnaire. T/1389, June 24, 1958. 13 pp. mimeo.
- Report on Somaliland Under Italian Administration of the United Nations Visiting Mission to Trust Territories in East Africa, 1957. Observations of the Administering Authority. T/1396. July 10, 1958. 15 pp. mimeo.
- Examination of the Annual Report on the Trust Territory of Somaliland Under Italian Administration, 1957. T/1398. July 10, 1958. 6 pp. mimeo.

### TREATY INFORMATION

#### Current Actions

##### MULTILATERAL

##### Atomic Energy

- Statute of the International Atomic Energy Agency. Done at New York October 26, 1956. Entered into force July 29, 1957. TIAS 3873.
- Ratification deposited: The Sudan, July 17, 1958.



### Automotive Traffic

Convention concerning customs facilities for touring. Done at New York June 4, 1954. Entered into force September 11, 1957. TIAS 3879.

Accession deposited: Yugoslavia, July 10, 1958. Customs convention on temporary importation of private road vehicles. Done at New York June 4, 1954. Entered into force December 15, 1957. TIAS 3943. Accession deposited: Yugoslavia, July 10, 1958.

### BILATERAL

#### Colombia

Agreement amending the memorandum of understanding to the agricultural commodities agreement of March 14, 1958 (TIAS 4015). Effected by exchange of notes at Bogotá June 30 and July 9, 1958. Entered into force July 9, 1958.

#### United Kingdom

Agreement for cooperation on the uses of atomic energy for mutual defense purposes. Signed at Washington July 3, 1958.

Entered into force: August 4, 1958 (date on which each government received from the other written notification that it had complied with statutory and constitutional requirements).

## DEPARTMENT AND FOREIGN SERVICE

### Designations

Clarence A. Boonstra as Deputy Director, Office of South American Affairs, effective June 29.

Henry C. Reed as Deputy Director, Office of Inter-American Regional Political Affairs, effective June 29, 1958.

William I. Cargo as Director, Office of United Nations Political and Security Affairs, effective August 1, 1958.

Joseph J. Sisco as Deputy Director, Office of United Nations Political and Security Affairs, effective August 1, 1958.

## PUBLICATIONS

### Department Releases Publication on Disarmament Negotiations

The Department of State released on August 12 a publication entitled *Disarmament, The Intensified Effort, 1955-1958*.<sup>1</sup> Following is the text of an introductory summary chapter.

<sup>1</sup> Department of State publication 6676, for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.; price 30 cents.

In 1955 the United States intensified its efforts to achieve international agreement in the field of armaments control. The new series of initiatives included a reevaluation of policy in the light of changed political and military conditions brought about by the vast growth of technical and scientific knowledge in the rapidly unfolding nuclear age.

This narrative begins with a brief summary of U.S. disarmament efforts during the decade of deadlock from 1945-55. This is followed by an account of evolving U.S. disarmament policy during the past 3 years and of negotiations carried on within the United Nations Disarmament Commission and its Subcommittee.

The gradual development of U.S. policy from the President's "open skies" proposal at Geneva in 1955 to

### Secretary Dulles Calls Attention to Publication on Disarmament

Statement by Secretary Dulles

Press release 464 dated August 12

I believe it to be in the public interest to call attention to a new publication of the Department of State entitled *Disarmament, The Intensified Effort, 1955-1958*. As a factual document, it serves to demonstrate the diligence with which this Government has sought to promote peace through disarmament negotiations. I need not add that we shall in the future pursue the objective of an equitable and dependable disarmament agreement with the same flexibility and sense of urgency.

the new approach presented at the 1957 London Disarmament Subcommittee meetings is traced in some detail. This new approach centered on proposals geared to the realities of the nuclear age: inspected cessation of production of fissionable materials for weapons purposes, gradual reduction of existing nuclear weapons stockpiles, and suspension and ultimate cessation of nuclear weapons tests; first stage reductions of conventional arms and armed forces; a study of means to assure the use of outer space exclusively for peaceful and scientific purposes; and creation of inspection systems to guard against surprise attack. These proposals would all be carried out under the supervision of a new international agency capable of verifying the agreements reached.

During the long and intensive negotiations in London during 1957, the United States diligently explored with its allies and with the U.S.S.R. the various proposals for a first stage agreement that were offered. During this 6-month period the negotiations produced some progress toward agreement on inspection zones, on nuclear testing, on control of armaments, and on levels of armed forces. Although the negotiations ended in September, after the U.S.S.R. rejected the Four Power proposals of August 29, full and continuing consultation among the allies throughout the negotiations had served to forge an important new foundation for future progress.

## Recent Releases

*For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.*

**Surplus Agricultural Commodities.** TIAS 4023. 6 pp. 5¢.

Agreements between the United States of America and Colombia, relating to agreement of March 14, 1958. Exchange of notes—Signed at Bogotá March 20 and April 23 and April 10 and 23, 1958. Entered into force April 23, 1958.

**Claims—Electric Power.** TIAS 4026. 5 pp. 5¢.

Agreement between the United States of America and the Republic of Korea, superseding Article VII of agreement of September 11, 1948—Signed at Seoul June 13, 1949. Entered into force December 28, 1949.

**Surplus Agricultural Commodities.** TIAS 4027. 6 pp. 5¢.

Agreement, with memorandum of understanding, between the United States of America and Iceland—Signed at Reykjavik May 3, 1958. Entered into force May 3, 1958.

**Mutual Defense Assistance—Cash Contribution by Japan.** TIAS 4028. 6 pp. 5¢.

Arrangement between the United States of America and Japan, relating to agreement of March 8, 1954. Exchange of notes—Signed at Tokyo May 2, 1958. Entered into force May 2, 1958.

**Cape Spartel Light—Transfer of Management to Morocco, Termination of Convention of May 31, 1865.** TIAS 4029. 8 pp. 10¢.

Protocol between the United States of America and Other Governments—Signed at Tangier March 31, 1958. Entered into force March 31, 1958.

**Atomic Energy—Cooperation for Civil Uses.** TIAS 4030. 3 pp. 5¢.

Agreement between the United States of America and the Republic of Korea, amending agreement of February 3, 1950—Signed at Washington March 14, 1958. Entered into force May 22, 1958.

**North American Air Defense Command.** TIAS 4031. 5 pp. 5¢.

Agreement between the United States of America and Canada. Exchange of notes—Signed at Washington May 12, 1958. Entered into force May 12, 1958.

**Surplus Agricultural Commodities.** TIAS 4032. 3 pp. 5¢.

Agreement between the United States of America and Argentina, amending agreement of April 25, 1955. Exchange of notes—Signed at Buenos Aires April 11 and 22, 1958. Entered into force April 24, 1958.

**Establishment of Mutual Defense Board and Assignment of Military Liaison Officers.** TIAS 4033. 6 pp. 5¢.

Agreement between the United States of America and the Republic of the Philippines. Exchange of notes—Signed at Manila May 15, 1958. Entered into force May 15, 1958.

**Atomic Energy—Cooperation for Civil Uses.** TIAS 4035. 7 pp. 10¢.

Agreement between the United States of America and Sweden, amending agreement of January 18, 1956, as amended—Signed at Washington April 25, 1958. Entered into force June 2, 1958.

**Air Force Mission—High-Altitude Sampling Unit.** TIAS 4037. 5 pp. 5¢.

Agreement between the United States of America and Argentina. Exchange of notes—Signed at Buenos Aires April 23 and 28, 1958. Entered into force April 28, 1958.

## Check List of Department of State Press Releases: August 4-10

Press releases may be obtained from the News Division, Department of State, Washington 25, D.C.

Releases issued prior to August 4 which appear in this issue of the BULLETIN are Nos. 437 of July 31 and 442 and 443 of August 3.

No.	Date	Subject
444	8/4	Entry into force of U.S.-U.K. atomic energy agreement.
*445	8/4	Delegation to inaugural ceremonies in Colombia.
*446	8/4	Delegation to inaugural ceremonies in Paraguay.
447	8/5	Delegate to ECE Power Committee (re-write).
448	8/5	Dulles: remarks at Rio de Janeiro.
449	8/6	Dulles: address at Rio de Janeiro.
*450	8/6	Educational exchange (South Africa).
451	8/7	U.S.-Brazil joint communique on multi-lateral subjects.
452	8/7	Distribution of press releases by Soviet Embassy.
453	8/7	Dillon: "United States and World Economy."
454	8/7	U.S.-Brazil joint communique on bilateral subjects.
455	8/7	Dulles: return from Brazil.
*456	8/8	Dulles: message on death of Libyan Ambassador.
†457	8/8	UAR circulation of forged document.

\*Not printed.

†Held for a later issue of the BULLETIN.

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